

TRANSCRIPTION OF THE PROCEEDINGS OF THE 52ND ANNUAL GENERAL MEETING OF THE COMPANY HELD THROUGH VIDEO CONFERENCING AT 2:30 PM (IST) ON WEDNESDAY, THE 27TH SEPTEMBER 2023

(Pursuant to Para 3, Part A (I) of MCA General Circular no. 14/2020 dated 8th April 2020)

Address by Mr. Ashwin C Muthiah, Chairman

Ladies and gentlemen, it is 2:30 P.M. I am informed that the necessary quorum is present, and I call the meeting to order. I welcome you all to the 52nd Annual General Meeting (AGM) of your Company, being held through video conferencing (VC) facilitated by Central Depository Services India Limited (CDSL).

A Live streaming of the meeting is also available through their website. It has been confirmed that this meeting is held in due compliance with the matters specified in the circulars issued by the Ministry of Corporate Affairs and SEBI. The information and documents to be made available for inspection during the meeting are available in digital form through the e-voting platform of CDSL.

I would like to welcome my colleagues, who are participating in the meeting through video conferencing.

- Ms. Sashikala Srikanth, Independent Director and Chairperson of the Audit Committee.
- Mr. B Narendran, Independent Director, Chairperson of the Nomination and Remuneration Committee & Stakeholders Relationship Committee.
- Mr. Debendranath Sarangi, IAS (Retd), Independent Director.
- Ms. Devaki Ashwin Muthiah, Non – Executive Director.
- Mr. S Radhakrishnan, Independent Director.
- Ms. Rita Chandrasekar, Independent Director
- Mr. T K Arun, Independent Director
- Ms. Jayashree Muralidharan, IAS, has expressed her inability to join
- Mr. C Samayamoorthy, IAS, TIDCO Nominee
- Mr. E Balu, Whole-time Director.

The Company Secretary, Mr. Ganesh is also present. As specified in the MCA Circular, the Statutory Auditors and the Secretarial Auditors are also participating through the video conference.

Before we proceed to take up the agenda items, I would like to share a few thoughts with you.

Chairman's speech

It gives me great pleasure to address you at the 52nd Annual General Meeting of your Company. A very warm welcome to you all. This is the fourth virtual AGM of the Company held through video conferencing, and it is yet another opportunity to connect with you. As per the General Circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India, the Company's Annual Report for the year 2022-23 has been sent through electronic mode to those members whose email addresses are duly registered. For those shareholders who had requested a physical copy, the Company had sent it as requested. I hope you have had the opportunity to review the Annual Report as

circulated and take note of the operational and financial performance of your Company during the year 2022-23.

Global Challenges facing the Agriculture and Fertilizer Industry

Fertilizer, which has a major impact on the food security of over 8 billion people, has been in the spotlight due to rising prices, demand scarcity driven by global events, climate impact and changing soil health. The global fertilizer market is expected to surpass US \$240 billion by 2030 from US\$207 in 2022. The growing population, followed by changes in dietary habits in developed and developing countries, will contribute to the growth of the fertilizer industry over the coming years.

Looking at the future, preserving climate and soil are the most important issues. Several research works are being carried out worldwide to improve the efficiency of nutrient use, which directly reduces its loss into the atmosphere, soil and water. Process changes have resulted in the decrease of pollution load for producing fertilizers by about 20%. The focus is now on "climate-smart" agricultural practices. Balanced use of organic and inorganic fertilizers, plant bio stimulants, water-soluble fertilizers, application of micronutrients, etc., contribute to core principles of regenerative agriculture. Your Company is monitoring the four important things that will help to know about the fertilizer market. Feeding 10 billion people by 2050 with less farmland. The world needs more fertilizer and an understanding of the global supply chain. Many companies worldwide, including your Company, are making significant contributions in this direction.

Due to a substantial increase in the input of raw materials, the price of fertilizers has increased manifold. The phenomenon occurred due to several reasons, namely COVID-19, increased natural gas prices, and the Russia-Ukraine conflict. As a crucial component of nitrogen-based fertilizer, ammonia output was drastically reduced due to higher natural gas prices. At the end of the year 2022-23, during the fourth quarter, raw material prices started softening, which is good news for the current year 2023-24.

Fertilizer & Agriculture – Indian Scenario

India's GDP grew by 7.2% during 2022-23 and 7.8% in Q1 2023-24. The economy is expected to grow by 6.5% in the current fiscal year. There has been 4% and 3.5% growth in the agriculture sector in 2022-23 and Q1 2023-24, respectively. The use of fertilizers is indispensable for the development of agriculture. Normal monsoons and an adequate inventory of fertilizers helped the industry's good performance. As a result of normal monsoon, comfortable water and fertilizer availability, and sown area, production of food grains touched a record level of 330.5 Million Metric tons in 2022-23, representing a growth of 4.7% over 2021-22. Oil seeds, sugarcane and cotton production is also estimated to increase during the year. Horticulture crop production has also reached a record level of 350.9 million MTs in 2022-23. The Urea production during 2022-23 was 28.5 Million Metric Tons compared to the previous years at 25.08 Million Metric Tons. The imports came down to 7.6 Million Metric Tons compared to last financial year of 9.08 Million Metric Tons due to the commissioning of 3 new Urea plants. The Urea industry has grown by 13.6% in 2022-23. However, the consumption of Urea had gone up by nearly 1.92 Million Metric Tons.

The fertiliser industry welcomes the steps of the Government of India on the continuation of the ongoing Urea subsidy scheme up to the 31st of March 2025 at a total estimated outlay of Rs 3,68,766 crores for the financial year 2022-23 to 2024-25, along with recent initiatives for better nutrient management.

Events with Significant Impact

Even though the natural gas prices had gone up substantially during the first three quarters of the year 2022-23, your Company was not affected much due to the usage of domestic gas for nearly about 65% of the production in Urea. The balance 35% is Naphtha, which was cheaper than the RLNG price during that period. Also, your Company stopped using fuel oil, and the boilers are being operated with 100% natural gas. Currently, the domestic gas price has been fixed at US\$ 6.5 per MMBTU for the next two financial years. There has been good progress in laying the gas pipeline by the Indian Oil Corporation, which has enabled the declaration of the mechanical completion of the gas pipeline between Ennore and Sayalkudi which is the connecting point for the Ramanathapuram-Tuticorin gas supply line. Now, testing for the gas pipeline and natural gas is in progress, and the testing and reliability of the pipeline is ensured. Your Company will be assured of its full quantity of natural gas requirement, which is 1.5 MMSCMD. This is expected to happen before the end of the calendar year 2023.

The Government of India has rolled out the 'One-Nation One-Fertilizer' policy through which Urea would be sold as 'Bharat Urea' by all manufacturing and distributing companies. The fertilizer bag design has been changed, which is common for all fertilizer companies and a portion of the bag can be used for the Company name, logo, etc. Your Company has made the necessary changes in line with Government guidelines. Other interesting developments are the manufacturing of Nano Urea and field applications and innovations in the area of "Green hydrogen and ammonia". We will also suitably respond to technical challenges and regulatory requirements.

Company's Performance and Looking Ahead

Your Company achieved 759,199 Metric Tons of Neem Coated Urea production during the year 2022-23, which was the highest in any financial year since the commissioning of the plant, including an additional 138,799 MTs of Urea beyond reassessed capacity after getting special permission from the department of fertilizers. During the year, the sale of manufactured Urea was 7,57,984 Metric Tons as against 6,29,306 MTs sold during the previous year. Your Company is making Urea in Tamilnadu, Puducherry, Kerala, Karnataka, Telangana, Andhra Pradesh and parts of Maharashtra.

As part of the marketing activities, your Company has undertaken the following :

- Various meetings and awareness programmes to farmers to use Aadhaar cards while buying fertilisers.
- As per the direction of the Department of Fertilisers, your Company has created 'Pradhan Mantri Kisan Samridhhi Kendra' - that functions as a one-stop shop for knowledge-sharing in the latest agronomical practices, details about development schemes etc. Also, we have opened 2,473 numbers of PMKSKs covering the states of Tamilnadu, Puducherry, Kerala, Karnataka, Andhra Pradesh, Telangana and Maharashtra as per the allocation received from the Department of Fertilisers.

- Continues to offer soil and irrigation water testing services to the farmers and guides them to follow judicious use of fertilisers based on soil fertility levels.
- In-house and outreach training programs to farmers to enhance their capability to adopt the latest practices in agriculture to increase the returns from farming.
- The demonstration farm is also being developed at Tuticorin to have first-hand information about the economic benefits of integrated farming.
- The bi-monthly magazine "Pannai Cheyathi Malar" also popularizes the latest agricultural technology and resource optimization and shares the success stories of fellow farmers.

Nano Urea : The latest technology of supply and Urea as Nanoparticles to increase the efficiency of Urea, was released by IFFCO. Your Company is exploring the possibility with IFFCO to introduce, promote and market SPIC Nano Urea in the southern Indian market.

The plant achieved an energy efficiency level of 6.17 GCal/MT this year, which was also the lowest since the commissioning of the plant as against the norm fixed by the Government to facilitate CapEx recovery, which is 7.382 GCal/MT. Your Company is confident of recovering the entire CapEx spent on natural gas conversion within the specified period of five years. The profit after tax was Rs 284.44 crores compared to the Profit after Tax of Rs 140.43 crores last year.

During the current year there has been continued operation without any stoppage indicating the plant is highly reliable and the Urea energy has come down to 6.135 GCal/MT compared to last year. With improved reliability and reduced production cost, your Company can increase production levels in the coming years. Your Company is planning to execute a Urea plant revamp, which will mainly enable the stability of the plant and improve efficiency. The revamp is expected to be completed in the first quarter of 2025-26. The improved performance at a lower cost will also benefit the Government in terms of reducing its subsidy burden. Your Company will also be critically looking at the various policy changes that the Government may bring in from time-to-time and devise strategies to ensure sustainable performance.

Dividend

The Board of Directors have recommended an equity dividend of 15% for the year 2022-23 as against 5% declared for 2021-22. The payout is Rs 30.55 crores.

Corporate Social Responsibility (CSR)

As a responsible citizen, your Company has contributed to the sustained growth and development of society through several CSR initiatives. In view of the absence of profit computed under the relevant section of the Companies Act several activities were undertaken voluntarily based on the needs of the local community and for improving the ecology. The total amount spent on these voluntary activities is Rs 55.69 lacs.

All the CSR activities are driven by our belief to contribute meaningfully in the areas of health, sanitation, nutrition and education. Your Company also coordinates with the district administration to allow its CSR program as per any specific requirements.

Talent Management

I firmly believe that your Company is as good as its people. People talent development has been a key and continued focus area, and your Company attaches great importance to talent management and progressive HR practices across levels. Employees attended many internal and external programs through virtual platforms even during the pandemic. Succession Planning and Long-Term Career Growth Plans create a healthy leadership pipeline and a robust organisation. I am passionate about developing future leaders and building a great team. Hence, I personally oversee and am involved in the identification, training and development of senior management personnel for the continued success of your Company.

Acknowledgement

I thank the Central and State Governments, Tamilnadu Industrial Development Corporation Limited, Financial Institutions and Banks, Ministry of Chemicals & Fertilizers, Ministry of Petroleum & Natural Gas, Ministry of Shipping and Ministry of Corporate Affairs, Indian Oil Corporation Limited and Oil & Natural Gas Corporation for their continued support. I also thank all our customers, dealers, vendors and suppliers for their continued support and cooperation. I appreciate the sincere efforts of all the employees of the Company. I thank the Members of the Board for their valuable support and guidance. On behalf of the Board of Directors and myself, I gratefully acknowledge and thank the stakeholders for reposing faith in us.

I wish you and your family members' good health. Thank you.

Now we may take up the items as per the agenda.

The Notice of the Meeting and the Financial Statements for the year 2022-23 have already been circulated, and with your consent, we will take these as read.

The resolutions given in the Notice have already been put to vote through Remote E-voting. So, there will be no proposing or seconding of the resolutions.

There are no adverse observations or remarks in the Reports of the statutory auditors. So, there is no need to read the Report. Before we proceed further, I would like to bring to your attention certain information regarding the proceedings.

As you would be aware, the facility for remote e-voting on the resolutions was made available between 24th and 26th September 2023. Arrangements have also been made for e-voting during the meeting. The voting is open now and will close ten minutes after the conclusion of the meeting.

Members who have not exercised their votes through remote e-voting and attending the meeting now may cast their votes through e-voting link available on your screen.

I'm informed that no shareholder has registered for speaking at the meeting through the prescribed registration process with the RTA. Hence, there are no Q&A sessions.

As mentioned earlier, the venue voting window would remain open for another 10 minutes, and those who want to cast their votes may do so.

The vote poll will be consolidated, and the results will be announced on the Company's website as stipulated in the relevant regulations.

Members may view the final results from the website of the Company or the stock exchange on such release. As per the relevant rules, the resolution shall be deemed to have been passed as on date of the AGM.

Ladies and gentlemen, I thank you all once again for your presence and cooperation and with your permission, I now declare the meeting as closed.

*The content of the proceedings hereinabove is subject to the extent of clarity
in the audio based on which the transcript has been made out.*