



CHAIRMAN'S SPEECH

45TH ANNUAL GENERAL MEETING OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Wednesday, December 20, 2023 at 3.00 PM



45TH ANNUAL GENERAL MEETING HELD ON WEDNESDAY, DECEMBER 20, 2023

CHAIRMAN'S SPEECH

DEAR VALUED SHAREHOLDERS OF RCF,

On behalf of the Board of Directors of Rashtriya Chemicals and Fertilizers Limited, I extend a warm welcome to each one of you in the 45th Annual General Meeting. The Directors' Report and Audited Financial Statements along with report of the Statutory Auditors and report of Comptroller and Auditor General of India are already with you. I am sure you are fully aware of the physical and financial health of the Company.

I am happy to share that Rashtriya Chemicals and Fertilizers Limited has been accorded the coveted the NAVRATNA Status by Government of India on August 29, 2023. RCF is the first & only PSU in fertilizer sector to be elevated to NAVRATNA Category. This recognition is a testament to RCF team's (Past & present) dedication and commitment to the chemicals & fertilizers Sector. With the coveted NAVRATNA Status, RCF further commits itself towards playing a more decisive and significant role in our country's growth and prosperity. I wish you all the best and congratulate all stakeholders of the Company for their unwavering support and sincere efforts in helping RCF to achieve the NAVRATNA Status.

Now I would like to briefly touch upon the economic environment under which your Company delivered during the year and the challenges faced by the Company and the Industry.



1.0 ECONOMIC SCENARIO

India's gross domestic product grew by 7.2% during 2022-23 and 7.8% during the April-June quarter & 7.6% during July –September quarter of current fiscal 2023-24, remaining the fastest-growing major economy in the world. The rise in GDP growth was supported by government spending and robust performance in manufacturing, mining, and construction sectors. The economy is expected to grow at 6.5% in the current fiscal notwithstanding deficient monsoon rains.

2.0 INDUSTRY SCENARIO DURING THE CURRENT FINANCIAL YEAR

Overall fertilizers production has increased by 11.23% during financial year 2022-23 as against financial year 2021-22 due to increase in production of Urea, NPK, DAP & SSP. Imports have increased by 3.03% due to the increase in DAP & NPK imports.

Production of urea has increased by 13.63% during the financial year 2022-23 as against 2021-22 due to favourable weather and market conditions. Urea is largely sourced domestically & with revival of urea plants, imports have decreased by 17.03% during the year 2022-23.

Domestic DAP production increased by 2.96% during financial year 2022-23 as against financial year 2021-22. Imports also have risen by 20.52% in financial year 2022-23 as against financial year 2021-22.

MOP imports have decreased substantially by 24.15% during financial year 2022-23 as against financial year 2021-22. India meets its Potassium chloride (commonly referred to as Muriate of Potash or MOP) requirements majorly through imports from Canada, Russia, CIS+ Belarus, Israel, Germany, Jordan and Lithuania.



Production of NPK fertilizers in the country has decreased by 11.91% during the financial year 2022-23 as against financial year 2021-22. NPK imports have decreased substantially by 135.21% during financial year 2022-23 as against financial year 2021-22.

The production of SSP which is an indigenous phosphatic multi-nutrient fertilizer increased by 5.48 % during financial year 2022-23 as against financial year 2021-22. SSP is a cheaper alternative to DAP.

Overall sales of fertilizers have decreased by 0.16% during financial year 2022-23 as against financial year 2021-22. Sales of MOP , NPK & SSP have decreased by 33.83%, 12.25% & 11.69% respectively during financial year 2022-23 as against financial year 2021-22. The sales of Urea & DAP have increased by 4.52% & 13.58% respectively during the financial year 2022-23 as against the financial year 2021-22.

The Budget 2023-24 has the vision of future-ready agriculture sector. Healthy agriculture sector will help in economic growth making the country a developed nation as envisaged by our Hon'ble Prime Minister. The budget allocation for fertilizer subsidy is Rs. 1,75,103 crores for FY24. Budget for urea subsidy is Rs. 1,31,100 crores which is lower by Rs.22,998 crores than the revised BE for 2022-23. Similarly, the subsidy for P&K fertilizers has also been reduced by Rs. 27,122 crores. The reason behind this reduction compared to RE 2022-23 is significant downward trend in international prices of fertilizer related commodities & reduction in gas prices. However, adequacy of allocation will depend on actual international prices of energy, fertilizers and raw materials during the year.



3.0 OUTLOOK AND CHALLENGES

The industry on its part, has continuously strived to ensure timely availability of fertilizers through domestic production and imports even at times with negative margins. The falling prices of fertilizers ironically have posed another challenge to the industry due to inventory of high cost raw materials and finished products. P&K sector is almost entirely dependent on import of raw materials due to lack of natural resources of phosphate and potash.

Under-recovery under all heads of fixed cost in urea pricing policy has also been a cause of anxiety for the industry. Government is now seriously considering reforms in the urea pricing and subsidy policy. Industry is fully engaged to help bring the desirable changes in the interest of supply security of fertilizers and sustainable agriculture.

Fate of fertilizer industry is ultimately related to agriculture sector of the country and the performance of the agriculture sector has been very promising so far. It is very essential that in addition to ensuring food security of this vast nation, agriculture sector becomes sustainable and more remunerative to our farmers. Fertilizer industry will continue to play its role and help in greening the Indian agriculture

4.0 OPERATIONAL PERFORMANCE DURING FY 2022-23

Your Company has time and again proved that no challenge is greater than RCFians dedication and commitment which brings the Company to greater heights with every passage of time.



Some of the performance highlights of the FY 2022-23 have been:

- 1) Highest ever Profit Before Tax (PBT) of Rs. 1273.98 crore and Profit After Tax (PAT) of Rs. 967.15 crore
- 2) Highest ever Revenue from Operations of Rs. 21451.54 crore
- 3) Company achieved a record revenue of Rs. 3406.03 crore during the year from its industrial chemicals segment which is highest ever since inception
- 4) Highest ever dividend of Rs.5.30 per share i.e. 53% of equity share capital.
- 5) Sale of 33.14 LMT of fertilizers, which is an increase of 8 % over last year.
- 6) Sold 4.47 LMT of imported products, which is an increase of 94% over last year.
- 7) Highest ever sale of 6.10 LMT of Indigenous 15:15:15.
- 8) Highest ever sale of 2.98 LMT of Imported DAP.
- 9) Highest ever sale of 1.20 LMT of Imported 20:20:0:13.
- 10) First time your Company has sold PDM and PROM under tie-up and sold 8,764 MTs & 2,982 MTs respectively.
- 11) Highest ever sale of 151 KL of Biola which is highest sold quantity in last 10 years.
- 12) Highest ever sale of AN melt of 1,75,694 MT.
- 13) Highest ever sale of Refrigerant Ammonia of 1,046 MT.
- 14) Highest ever sale of Phosphoric Acid 5,175 MT.

Your Company achieved sales volume of 33.14 lakh MT during the year 2022-23 as compared to 30.80 lakh MT during the previous year. Your Company sold 22.09 lakh MT of Urea, 6.10 lakh MT of Suphala 15:15:15, 0.05 Lakh MT of 10:26:26, 4.47 lakh MT of other bought out products i.e. DAP, MOP, Imp NPK etc., 0.38 lakh MT of tie-up products and 0.05 Lakh MT of value added products.

Your company sold 4.47 LMT Imported fertilizers products i.e. DAP, MOP and Imp NPK etc. as compared to 2.31 LMT during previous year. Sales of imported fertilizers registered growth of 94 % over previous year.



The sale of Biola picked up momentum during the year. Biola sale registered growth of 13 % touching 151 KL during the year as against 134 KL in the previous year. Other products such as Microla, pH balancer, Silica and OGS also registered healthy volumes during the year.

Your Company has been designated as State Trading Enterprise (STE) in October, 2019 for Import of Urea on Government Account. Based on the instructions of Department of Fertilizers (DoF), RCF imported approx. 25.26 lakh MT quantity of Urea through issue of total Two (2 Global tenders during the year 2022-23.)

The frame of reference in which your Company operates i.e. the state of economy in general and fertilizer industry in particular, during 2022-23, is briefly outlined for better understanding of the performance of your Company. I am glad to inform you that against all odds, your Company stood up to the challenges and delivered a stellar performance.

5.0 ATMANIRBHAR BHARAT

Under 'Atmanirbhar Bharat Abhiyan', following initiatives are taken by your Company:

- **Increased Complex Fertilizer (NPK 15:15:15) Production:**

Your Company has enhanced the production of Suphala NPK (15:15:15) by installation of additional spherodizer and associated system. During FY 2022-23, highest ever production (6.382 Lakh MT) of Suphala (15:15:15) was achieved.

- **Optimizing production of Industrial Chemicals:**

Your Company is manufacturing various Industrial Chemical products having high brand values. Plants manufacturing industrial chemical products like Ammonium Nitrate, Ammonium Bicarbonate, Nitric Acid, Concentrated Nitric



acid and Sulphuric acid are operated at optimum level to meet the market demand.

- **Setting up New AN Melt Plant:**

In order, to meet the growing power need of the country, enhancement in domestic production of AN melt is very important. Therefore, your Company is setting-up new AN Melt plant of 425 MTPD at RCF Trombay unit with latest and energy efficient technology. The additional production from this AN melt project shall be substituting the existing imports, leading to improved availability of Coal to the power plants and hence in turn shall ensure power security to the common people.

- **Setting up Liquid Nano Urea plant:**

Your Company is setting-up liquid Nano Urea plant of 75 KL per day at RCF Trombay unit using indigenous technology, developed by M/s IFFCO. Nano Urea is expected to be more efficient as compared to conventional Urea.

- **Setting up new NPK Fertilizer plant at Thal:**

In order to increase domestic supply of DAP/NPK fertilizer, your Company is exploring possibility of setting up NPK Fertilizer of 1200 MTPD (in terms of DAP) plant at Thal subject to economic viability

6.0 AWARDS

I am also happy to share with you the several recognitions and awards have been received by the company under various categories from Central as well as State Government and Institutes of repute. Details of the same can be seen in the annual report already available with you.



7.0 DIVIDEND

Although your Company has lined up a number of capex programmes which will entail substantial expenditure, considering the consistent profits being made by the Company and based on the Company's performance, your Directors are pleased to recommend a final Dividend of Rs. 3.70 per equity share of Rs.10/- each for the financial year 2022-23. Your Board had earlier approved payment of interim dividend of Rs.1.60 per equity share of Rs.10/- each for the financial year 2022-23, at its meeting held on November 29, 2022 and same was paid on December 27, 2022. The total dividend for the financial year 2022-23 amounts to Rs. 5.30 per equity share (Previous year Rs.3.85 per equity share), which is highest in the history of RCF.

8.0 MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT

The performance rating for 2022-23 MoU has been finalised by the Government and the Company achieved "Very Good" rating for the year 2021-22.

9.0 FUTURE PLANS

The road ahead is filled with challenges and opportunities. Your company is fully equipped to grab the opportunities and face any challenges that the market throws up.

The Company has been regularly undertaking expansion and modification projects to improve efficiencies, reduce emissions, reduce costs and augment capacities of its manufacturing plants. The same are detailed in the Annual report.



I will briefly mention some of the major projects that have been planned for the growth of the Company and are under implementation at Trombay and Thal.

Trombay Ammonia V Plant Revamp (KBR Scheme):

Ammonia-V revamp project is being implemented as a part of energy improvement schemes to meet the new energy norms for Trombay Unit. The estimated project cost is Rs.101.88 Crore. The Basic Engineering is being done by M/s KBR and Detail Engineering is being done by PDIL. The scheme is envisaged to result in energy saving of 0.25 Gcal/MT of Ammonia. Expected project completion is by April 2024.

New AN Melt Plant at Trombay:

Your Company is setting-up new AN Melt plant of 425 MTPD at RCF Trombay unit with latest and energy efficient technology. The work order for execution of the project on LSTK basis is awarded to M/s Larsen & Toubro Limited. The estimated Project Cost is Rs.187 Crore. Site work is in progress. The project is scheduled to be completed by Sept. 2024.

ETP up-gradation at Thal:

Upgrading the existing Effluent Treatment Plant for treating 10,000 M³/day effluent to ensure the quality of treated effluent as against discharge to sea is recycled for reuse in plant. In 1st phase, around 5000 m³/day treated water will be recycled. Estimated cost of 1st Phase is Rs.66.72 Crore. Work Order has been issued to M/s Ion Exchange Ltd.



In 2nd phase, balance effluent will be recycled, to achieve “Zero Liquid Discharge” goal. Action for 2nd Phase has been initiated. Detailed Feasibility Report (DFR) under preparation by Consultant.

Nano Urea plant:

Nanotechnology is an emerging field with potential to provide efficient nutrient management. Nano Urea is expected to reduce the use of Urea. RCF is setting up Nano Urea Plant of 75 KL per day capacity at Trombay based on IFFCO Technology. As a part of getting Environment Clearance, Public Consultation was held on 02.03.2023. The estimated Project Cost is Rs.238 Crore.

Joint Venture Projects: Plan for expansions through JV route are envisaged as under:

- ✓ **Coal Based Fertilizer Plant**, comprising of 2200 MTPD Ammonia plant and 3850 MTPD Urea plant, at Talcher, Odisha based on coal gasification technology is estimated to cost approx. Rs.17,080.69 (+/-10%) Crore (RCF share is Rs.2,169.67 Crore (+/-10%)). The commissioning of the project is scheduled to be completed by September 2024.

The following projects are under consideration at Trombay and Thal

Setting up new NPK Fertilizer plant at Thal

RCF is exploring possibility of setting up NPK Fertilizer plant at Thal subject to its economic viability. Administrative approval from DoF has been received. PDIL has been lined up for preparation of Detailed Feasibility Report (DFR) and Environment Impact Assessment (EIA) report for Environment Clearance. As a part of getting Environment Clearance, Public Consultation and Form-II for EC



was submitted on MOEF&CC's Parivesh portal. The estimated Project Cost is Rs.914.58 Crore including taxes, duties and working capital

Zero Liquid Discharge scheme at Trombay

RCF is exploring the possibility of setting up Zero Effluent Discharge (ZED) plant to treat the effluent generated and to recover & recycle the water in the process at Trombay unit. The objective of the scheme is to achieve Zero Liquid Discharge (ZLD) for RCF Trombay. Detailed Feasibility Report (DFR) received from Consultant. Estimated Project cost is Rs.99.78 Crore. Project is expected to be completed by Sept. 2025.

Briquette Fired Boiler at RCF Thal

With an aim to produce low cost steam, RCF is planning is setting up Briquette Fired Boiler at RCF Thal. The low cost steam shall help in reducing the variable cost of chemicals. Work Order is awarded to M/s Forbesvyncke Pvt. Ltd. The estimated project Capital Cost is Rs.25.7 Crore plus taxes as applicable.

10.0 RESEARCH AND DEVELOPMENT

The tool to future sustainability is Research and Development (R&D). Your Company has taken up several Research and Development projects, some of which are for commercial scale design and engineering. Our strong R&D team has been analysing soil, weather, and crop data through various new-age technologies, in order to empower the farmers with predictive farming skills.

I am pleased to announce that, as the result of sustained efforts in Research & Development, your Company has successfully launched Vipula - a new innovative Suspension NPK Fertilizer with NPK 10:10:10 on 6th May, 2022 at the hands of Honourable Union State Minister for Chemical and Fertilizers Shri



Bhagwanth Khuba. The suspension fertilizers consist of insoluble solid active ingredients dispersed (normally at high concentration) in water. Suspension concentrates have shown a rapid development in the past, mainly due to their several benefits such as no dust, no problem of toxicity or flammability due to solvents and good efficiency due to the smaller particle size. It is also in low packaging volume.

The R&D Department through in-house innovations has successfully formulated Sulphur Coated Urea (SCU) named as Urea Gold. The introduction of Sulphur Coated Urea will address sulfur deficiencies in the soil. Your Company has successfully launched Urea Gold on July 27, 2023 at the hands of Hon'ble Prime Minister of India

HUMAN RESOURCES

Your Company has always maintained good industrial relations with all its employees. All Industrial relations issues are settled through regular discussions, meetings and dialogues. Your Company has a very strong corporate management team. The systems and procedures are constantly upgraded and improved imbibing the best of management techniques and Corporate Governance norms.

11.0 CSR ACTIVITIES

As part of its initiatives under "Corporate Social Responsibility", the Company has undertaken several projects in the areas of rural development, health care and education, with the aim of serving the needy. During the year, your Company has spent Rs.11.93 Crore including Rs.0.49 Crore set off for succeeding financial year on CSR activities which, inter alia, includes Medical Equipment to District Civil Hospital, Alibag, Supply of drinking water to the villages, Thal, Garbage Vans to Villages i.e. Navgaon, Kurul, Jirad, Awas, Mule,



Mann villages, Medical Camps, Medicines to Civil Hospital for HIV patients, Medical equipment to Primary Healthcare centre, Ambulance to needy, Rural Development- Repairing of Roads, Financial Assistance for furniture of paediatric ward, Construction of Toilet block and drinking water facilities to school, financial assistance for women empowerment & Skill development programme for youth & Education to secondary students at Aspirational district in Washim Dist. at Maharashtra. Your Company has also made successful efforts to support the clean and green India campaign under its CSR activities.

12.0 SUSTAINABLE DEVELOPMENT

Your Company has taken up several Sustainable development activities such as Building of Check Dams, Prevention of soil erosion and watershed management, reduction of Green House Gas emissions, sustainable electricity distribution based on Solar Energy, etc.

13.0 HEALTH, SAFETY AND ENVIRONMENT

Your Company is committed to ensuring clean environment, beyond satisfying all stipulated requirements laid down by the statutory authorities, around its operating units.

Your Company has established ISO 14001 compliant Environment Management System (EMS) at its both manufacturing units. The Systems are constantly upgraded and regular Internal Audits and Management Reviews are carried out to ensure compliance and continuous improvement in the system.

The Effluent Treatment plants at Trombay and Thal have ensured that the environment in and around the Units are fully protected. Various schemes with state-of-the-art technologies and modernization schemes are implemented to



reduce energy consumption and wastages of the scarce natural resources. The waste streams from the plants are recycled/ reused for useful purposes.

Trombay and Thal units of the Company have taken up massive tree plantation drives in factory premises, in residential colonies and, surrounding areas during the year 2022-23.

At Thal Unit, ETP Up-gradation Project is in progress and expected to be completed by March 2024. After completion of this project, 5,300 M3/day will be used for industrial use from recycling 9,000 M3/day effluent using state of art technology. It will reduce burden on fresh water resources.

14.0 CORPORATE GOVERNANCE

Your Company believes that sound corporate governance is fundamental to the enhancement of the value of the Company and its long term growth. Based on the core principles of fairness, transparency and accountability, your Company strives to maintain a high standard of governance through comprehensive and efficient frame work of policies, procedures and systems to promote responsible corporate culture. The Company expects “Excellent” Rating on Corporate Governance on compliance of DPE guidelines for the year 2022-23.

15.0 MEMBERS' ACTIVE INTEREST IN THE COMPANY

It is heartening to see the share owners taking very active interest in the Company by interacting with senior management regularly.

16.0 ACKNOWLEDGEMENT

I convey my heart felt gratitude and sincere thanks to all the stakeholders of the Company for their unstinted support; faith and trust reposed in the Company



which has helped us to perform in an excellent manner. I would like to thank all my colleagues, both past and present, on the Board for their unstinted support and guidance. I would also like to thank the Government of India particularly the Department of Fertilizers and FICC, Government of Maharashtra, MCGM and other State Governments, Statutory, Cost, Secretarial and Government Auditors, Banks, Financial Institutions, Railways, MoU Task Force, Local authorities, Factory Inspectorate and IBR, customers, suppliers, vendors and contractors for their continued support.

Finally, I thank “Team RCF” with All the Unions and Associations for their dedication and sincere efforts in ensuring the smooth and excellent functioning of the Company, without whose continuous support and hard work none of this would have been possible.

Thank you Ladies and Gentlemen. ***“Let us Grow Together”***.

I now move the annual accounts for adoption.

(S. C. Mudgerikar)
Chairman & Managing Director

Date: December 20, 2023

Place: Mumbai