



CHAIRMAN'S SPEECH

46TH ANNUAL GENERAL MEETING OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

MONDAY, SEPTEMBER 30, 2024 AT 3.00 PM



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CHAIRMAN'S SPEECH

DEAR VALUED SHAREHOLDERS OF RCF,

It is a great privilege to address you today, as we convene for the 46th Annual General Meeting of Rashtriya Chemicals and Fertilizers Limited for the financial year 2023-24. On behalf of the entire Board of Directors, I extend a warm welcome to each one of you in the 46th Annual General Meeting.

For the fifth consecutive year, shareholders have the opportunity to engage in the Annual General Meeting (AGM) from the convenience of their respective locations using the virtual platform. 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.

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

The growth rate in real GDP during 2023-24 is estimated at 8.2% as compared to 7% in FY 2022-23. This growth reiterates India's position as the world's fastest-growing major economy which currently holds the tag of being the world's fifth largest economy



The financial year 2023-24 was a year of continuing challenges, due to geopolitical conflict in Europe and heightened tensions in Middle East, coupled with high energy and commodity prices which did moderate from their peak. Despite above challenges, India continues to be amongst the fastest growing economies in financial year 2023-24.

Real GDP growth for FY 2024-25 is projected at 7%, with risks evenly balanced. Even as the global economy is facing multiple challenges such as elevated inflation, tight monetary and financial conditions, and escalating geopolitical tensions, the Indian economy is exhibiting strength and stability with robust macroeconomic fundamentals and financial stability.

2.0 INDUSTRY SCENARIO

Overall fertilizers production in India has increased by 4.03% during financial year 2023-24 as against financial year 2022-23 due to increase in production of Urea & NPK. Production of urea has increased by 10.20% during the financial year 2023-24 as against 2022-23.

NPK production increased by 2.80% during financial year 2023-24 as against financial year 2022-23. Imports have decreased by 5.79% due to the decrease in Urea, DAP & NPK imports. India's fertiliser import dynamics experienced notable shifts, marked by a discernible decline of 7.10% in Urea, 15.40% in DAP, and 19.40% in NPKs imports compared to the preceding year. Conversely, MOP surged with an impressive growth rate of 53.80%. This trend seamlessly aligns with the government's vision under the Atma Nirbhar Bharat initiative, emphasizing reduced dependence on imports and the promotion of indigenous alternatives.



This shift in import pattern reflects a concerted effort to bolster domestic production and promote self-sufficiency in the fertiliser sector. It underscores India's commitment to harnessing its vast agricultural resources and leveraging indigenous capabilities to meet the nation's fertiliser requirements. As India continues to prioritize local production and reduce reliance on imports, such developments pave the way for a more resilient and self-reliant agricultural ecosystem, in line with the overarching goals of sustainable development and economic sovereignty.

India experienced a notable growth in sales across key fertilizers, with Urea, DAP, MOP and NPKs. NPK sales surged significantly, showcasing excellent growth compared to the preceding year. Sales of SSP has decreased by 9.40% as compared to previous year.

3.0 OUTLOOK AND CHALLENGES

In view of the volatility in the international fertilizers market and to ensure availability of fertilizers to farmers at subsidized, affordable and reasonable prices, the Union Cabinet on 18th September, 2024 has approved the Nutrient Based Subsidy (NBS) rates for RABI Season, 2024 (from 01.10.2024 to 31.03.2025) on Phosphatic and Potassic (P&K) fertilizers. The tentative budgetary requirement for Rabi season 2024 would be approximately Rs.24,475.53 crore.

4.0 OPERATIONAL PERFORMANCE DURING FY 2023-24

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.



During the year, your Company achieved Revenue from Operations of Rs 17146.74 crore. Profit Before Tax (PBT) during the year, stood at Rs 303.63 crore. Your Company witnessed a steep reduction in subsidy owing to fall in NPK nutrients effective from October 1, 2023, impacting the operating margins of manufactured NPK fertilizers.

In the face of intense market competition & falling international prices, your Company achieved revenue of Rs 1939.16 Crore during the year from its Industrial Chemicals segment.

During the year, your Company has achieved the following milestones:

- 9% increase in total fertilizer sales over previous year.
- Sales of Imported products increased by 91% (from 4.47 LMT in 2022-23 to 8.54 LMT in 2023-24) over previous year.
- Ever highest sales volume of 8.54 LMT of Non-Urea traded products.
- Ever highest sale of all imported products (DAP, NPK 10:26:26, NPK 20:20:0:13).
- Imported DAP sales increased by 73% (from 2.98 LMT in 2022-23 to 5.17 LMT in 2023-24) over previous year.
- Imported NPK 10:26:26 sales increased by 478% (from 0.29 LMT in 2022-23 to 1.66 LMT in 2023-24) over previous year.
- Imported 20:20:0:13 sale increased by 13% (from 1.20 LMT in 2022-23 to 1.36 LMT in 2023-24) over previous year.
- Total market share of fertilizer products increased from 5.65% (2022-23) to 6.02% (2023-24).
- Market share of Imp. DAP increased from 2.86% (2022-23) to 4.78% (2023-24).
- Market share of NPK (Ind.+Imp.) increased from 7.58% (2022-23) to 8.11% (2023-24).
- The sales of PDM increased by 41% (from 8764 MT in 2022-23 to 12400 MT in 2023-24)



- Sold 610 mts of FOM through tie-up and also 3337 MTs of Sulphur Coated Urea, both for the first time
- For the first time sold 122640 (500 ml) bottles of Nano Urea under the marketing tie-up.
- Highest ever sale of AN melt of 1,77,086 MT.
- Highest ever sale of Trimethyl Amine of 2,916 MT.
- Highest ever sale of Liquid Nitrogen of 1,578 MT.

Your Company achieved sales volume of 36.01 lakh MT during the year 2023-24 as compared to 33.14 lakh MT during the previous year. Your Company sold 21.57 lakh MT of Urea, 5.60 lakh MT of Suphala, 0.24 lakh MT of City Compost/PDM/PROM and 8.54 lakh MT of other bought out products i.e. DAP, MOP, Imp NPK etc.

The sale of Microla touched 312 KL during the year . Other products such as Biola, Sujala, pH balancer, Shubhada, Silica and OGS also registered healthy volumes during the year.

Your Company has been designated as State Trading Enterprise (STE) for Import of Urea on Government Account. Based on the instructions of Department of Fertilizers (DoF), your Company imported approx. 10.06 lakh MT of Urea through issue of Global Tenders during the year 2023-24.

5.0 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.



6.0 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 1.24 per equity share of Rs10/- each for the financial year 2023-24, which would involve a total cash outflow of Rs 68.41 Crore (Rs 292.39 Crore in the previous year). The final dividend pay-out is subject to the approval of members at the ensuing Annual General Meeting.

7.0 MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT

The performance rating for 2023-24 MoU has been finalised by the Government and the Company achieved "Very Good" rating for the year 2022-23.

8.0 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 implemented as a part of energy improvement schemes to meet the new energy norms for Trombay Urea plant. The estimated project cost is Rs.101.88 Crore. The scheme is envisaged to result in energy saving of 0.18 Gcal/MT of Ammonia. Project was completed in May 2024.

➤ **New AN Melt Plant at Trombay:**

Taking a big step towards “Atmanirbhar Bharat”, our Company has set up new AN Melt plant of 425 MTPD at RCF Trombay unit with latest and energy efficient technology. To meet the growing power need of the country, enhancement in domestic production of AN melt is very important.

➤ **ETP up-gradation at Thal:**

Your Company is upgrading the existing Effluent Treatment Plant at Thal for treating 10,000 M3/day effluent to ensure the quality of treated effluent not only meeting the statutory norms but also suitable for recycling the treated effluent as raw water. Benefit of the project will be better environment management on sustained basis through recycling of treated effluent as a raw water. The project is executed in two phases. In 1st phase, around 5000 m3/day treated water will be recycled. Commissioning of 1st phase was completed in September 2024. In 2nd phase, balance effluent will be recycled, to achieve “Zero Effluent Discharge” goal. Action for 2nd Phase has been initiated.

➤ **Nano Urea plant:**

Nanotechnology is an emerging field with potential to provide efficient nutrient management as compared to existing fertilizer management practices. Nano Urea is expected to reduce Urea consumption and being an eco-friendly product will protect the health of soil. Your Company is setting up Nano Urea Plant of 75 KL per day capacity at Trombay based on IFFCO Technology. The estimated Project Cost is Rs.238 Crore.



➤ **Briquette Fired Boiler at RCF Thal**

Briquette (Bio-Mass) or 'White Coal' is made-up from agriculture and forest natural waste. It can be efficiently used to replace fossil fuel. Use of Briquettes for steam generation will reduce the Green House Gas (GHG) emissions. Your Company 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 26.75 Crore plus taxes. The project is expected to be completed by November 2024.

➤ **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 following projects are under active consideration at Trombay and Thal

- **Setting up new NPK Fertilizer plant at Thal**
- **Zero Liquid Discharge scheme at Trombay**
- **Ammonia Plant revamp (HTAs scheme) at Thal**

9.0 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 started production of PROM in December 2023. Dependence on expensive imported chemical fertilizers can be reduced by the use of RCF Organic PROM. PROM will help in achieving the goals of 'Atma Nirbhar Bharat' in years to come. During the financial year 2023-24 , a quantity of 1138 MT was produced and made available to the farming community.

10.0 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 17.93 Crore on CRS 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 2023-24.

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 2023-24.

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: September 30, 2024

Place: Mumbai