



“Paradeep Phosphates Limited 42nd Annual General Meeting”

September 25, 2024

Management: Mr. Saroj Kumar Poddar – Chairman
Mr. N Suresh Krishnan – Managing Director & Chief Executive Officer
Mr. Dipankar Chatterji – Independent Director & Chairman of Audit Committee
Mr. Satyananda Mishra – Independent Director & Chairman of Nomination and Remuneration & Stakeholders’ Relationship Committee
Mrs. Rita Menon – Independent Director & Chairperson of CSR Committee
Mr. Soual Mohamed – Non-Executive Director
Mr. Rajeev Nambiar – President & Chief Operating Officer
Mr. Harshdeep Singh – President & Chief Commercial Officer
Mr. Bijoy Biswal – Chief Financial Officer
Mr. Sachin Patil – Company Secretary

Moderator: Dear shareholders, good afternoon and a warm welcome to the 42nd Annual General Meeting of Paradeep Phosphates Limited. As a reminder, for the smooth conduct of the meeting, the members will be in the mute mode and audio and video will be enabled when they are called upon to speak at the AGM as per the pre-registration. I now hand over the proceedings to Mr. Sachin Patil, Company Secretary of Paradeep Phosphates Limited. Over to you Sir.

Sachin Patil: Thank you, moderator. Dear shareholders, good afternoon. I Sachin Patil, Company Secretary of the Company welcome all the members to the Annual General Meeting of your Company which is being held through the video conferencing in compliance with circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India. The company has taken all necessary steps to ensure that the shareholders are provided with an opportunity to participate in this AGM through video conferencing. Kindly note that, the members who have not voted through remote e-voting can cast their vote during the AGM and 30 minutes thereafter by way of e-voting available on the CDSL platform. The statutory registers are available during the AGM for inspection at the Company's website. Please note that as per the requirements, the proceedings of the Annual General Meeting will be recorded and available on the website of the company. As the requisite quorum is present with us, we have our Chairman, Mr. Saroj Kumar Poddar, who would Chair this Annual General Meeting. On behalf of you all, I welcome Chairman Sir and request him to conduct the proceedings of the meeting. Thank you. Over to you Sir.

Saroj Kumar Poddar: Thank you Sachin. Distinguished shareholders namaste and good afternoon to all of you. It is my absolute privilege as Chairman of the meeting to welcome all of you to the 42nd Annual General Meeting of your company. As the requisite quorum is present, I call the meeting to order. As per the circulars issued by Ministry of Corporate Affairs and SEBI, this meeting is held through video conferencing. Before we start the proceedings of the meeting, let me introduce my colleagues on the Board of Directors. Mr. N Suresh Krishnan, Mr. Dipankar Chatterji, Mr. Satyananda Mishra. Mr. Satyananda Mishra is the Independent Director and Chairman of Nomination & Remuneration and Stakeholders' Relationship Committee and Mr. Dipankar Chatterji is the Chairman of Audit Committee. Mrs. Rita Menon, Independent Director and Chairperson of CSR Committee, and Mr. Soual Mohamed, Non-Executive Director. Along with us we also have Mr. Rajeev Nambiar, President & Chief Operating Officer of the company, Mr. Harshdeep Singh, President & Chief Commercial Officer, Mr. Bijoy Biswal, Chief Financial Officer and Mr. Sachin Patil whom you have already heard. The representatives of statutory auditor and secretarial auditor are present at this meeting.

I would now like to address the shareholders on the business overview. Ladies and gentlemen, the year 2023-2024 has been a period of growth for PPL, marked by significant milestones across various aspects of our business. We have achieved remarkable progress through enhanced production, sales volume, strategic backward integration initiatives, and a commitment to ESG practices. Our efforts in these areas have not only strengthened our operational capabilities, but also reinforced our dedication to sustainable and responsible growth. Our operational advancement positions us to capitalize on the growing demand of fertilizers driven by India's increasing agricultural needs. Our efforts in capacity expansion, market reach, and sustainability will reinforce our leadership in the industry enabling us to effectively meet future challenges and seize emerging opportunities.

I am immensely proud of the progress we have made and excited about the opportunities that lie ahead. We are well positioned for robust growth in the near future, driven by strategic initiatives, and innovative solutions. I would like to extend my heartfelt gratitude to our stakeholders for their continued support and trust, your belief in our vision and commitment to excellence has been instrumental in our success. May I now request Mr. Suresh Krishnan, Managing Director, to give you an overview of the company's performance during the previous year.

Suresh Krishnan:

Thank you, Mr. Poddar. Good afternoon to all our esteemed shareholders, board members, and colleagues. It is my pleasure to welcome you all to the 42nd Annual General Body Meeting of your company. This year has been marked by significant growth, resilience, and steadfast commitment to sustainable and responsible development. Well, I am pleased to report that in the year 2023-2024, we experienced noteworthy growth across all our operations. Our production volumes increased by 13% year-on-year reaching 2.3 million tonnes, while our sales volume grew by 25%, amounting to 2.5 million tonnes. This growth was driven by our abilities in the consistent sourcing of quality raw materials, strategic product mix, a cogent brand equity, efficient last mile distribution and strong relationship with our channel partners and farmers. We produce a diverse range of NPKs, grades alongside DAP to meet varied crop and soil needs. It is noteworthy that our NPK mix constituted 53% of our overall sales basket including 8.7% of specialised NPK grades, reinforcing our commitment to balance nutrient management for Indian soils. We have also strengthened backward integration to support our increased fertilizer capacity. Our Paradeep unit increased its annual phosphoric acid capacity by 67% to reach 500,000 tonnes, reducing our reliance on imports and enhancing operational efficiency. We are also expanding our captive sulphuric acid capacity from 1.3 million tonnes per annum to 2 million tonnes per annum by Q1 of FY2026. Additionally, through our robust R&D efforts, we are preparing to foray into

biogenic nano nutrients to improve crop yields and reduce environmental impact. It is important for us to realize that Government of India has taken significant steps to boost farm productivity and farmer well-being. In July 2024, the Union Budget, Rs.1.64 lakh Crores was allocated to the fertilizer sector with Rs.45,000 Crores for nutrient based subsidiaries to ensure affordable inputs to Indian farmers. The increase in minimum support price for Kharif crops in 2024-2025 is expected to support farmers and demand for agri-inputs in general. Additionally, initiatives promoting nano fertilizers such as awareness campaigns and Namu Drone Didi scheme are fostering sustainable and innovative farming practices in India.

Coming to our financial performance, for the year 2023-2024, our revenue from operation was at Rs.11,575 Crores, reflecting a 32.2% decrease from the previous year's largely due to reduced global raw material prices resulting in lower requirement of subsidy from Government of India. However, our EBITDA stood at Rs.716.9 Crores, while PAT amounted to Rs.99 Crores. We are also pleased to confirm here that we have declared a 5% dividend per share on a face value of Rs.10.

Coming to our ESG work and the leadership that we intend to take, our commitment to ESG is far beyond mere compliance. It is a cornerstone of our sustainable growth strategy. Since 2022, we have been publishing our ESG reports in alignment with global standards, such as GRI and UNSDGs, with the 2024 report forthcoming. Last year, we achieved a significant milestone in our ESG journey by debuting in the Dow Jones Sustainability Index with an ESG score of 51, notably surpassing the industry average of 32. This recognition underscores our leadership in environmental stewardship, social responsibility, and governance practices. We have notably enhanced energy efficiencies by capturing heat from our captive sulphuric acid production, active dialogues with ESG stakeholders has enabled us to identify and address 30 material topic relevant to our business. We continuously measure and report our scope one, two, and three emissions with a focus on reducing our carbon footprint. This year, our scope one and two emissions intensity decreased by 17%. Our waste management practices are robust, ensuring zero liquid discharge. We have been converting fossil gypsum into value-added products, reinforcing circularity in our manufacturing process. Our sustainable sourcing and optimized raw material transports have minimized scope three emissions also. Biodiversity assessments at our Paradeep site have identified significant diversity and richness in the local ecosystem, providing a habitat of over 30,000 migratory birds annually. Our ESG policies extend to human rights, anti-corruption, no deforestation, and supplier's code of conduct embedding sustainability into every aspect of our operation. This ongoing ESG journey will consolidate our leadership in India's fertilizer sector.

Coming to our CSR initiatives, various schemes of the company have positively impacted over 59,000 lives in the year 2023-2024 alone. We align our CSR efforts with seven core themes, livelihood and community empowerment, environment and biodiversity, rural and slum development, promotion of rural sports, health care, education, and aspirational district programmes. We have supported women entrepreneurs, planted over 47,000 saplings, enhanced infrastructure in rural areas. Our educational initiatives, establishing 15 STEM centers and libraries, training over 1,000 girls to improve their skills. In health care we have supported elderly patients and conducted health checks over a number of regions nearby our manufacturing facilities. Looking ahead, Paradeep Phosphates is well positioned for sustained growth and innovation. Our strategic focus will remain on utilizing our expanded capacity, advancing in innovative NPK grades, nurturing our workforce, and cultivating our channel and farmer relationships. The increased production of intermediaries like phosphoric and sulphuric acid will further enhance our production capabilities, improve cost efficiency, and strengthen market competitiveness. We will continue our efforts in biogenic nano urea and nano DAP driving higher adoption levels. Our ESG and sustainability focus will remain central with a continued emphasis on enhancing resource efficiency, reducing emissions, integrating renewable energy, and advancing circular economy initiatives. The proposed merger with Mangalore Chemicals and Fertilizers is expected to unlock new market opportunities and operational synergies, further cementing our leadership in the Indian fertilizer industry. As we advance, we will leverage technology, optimize operational efficiencies, and foster innovation to drive long-term value to our shareholders and all stakeholders.

In conclusion, I extend my heartfelt gratitude to our shareholders, employees, bankers, supply chain partners, and above all government agencies and all other stakeholders for their continued trust and support. Together, we are all well positioned to meet future challenges and capitalise on opportunities for long-term growth and sustainability. Thank you.

Saroj Kumar Poddar: Thank you, Suresh. Ladies and gentlemen, we will now proceed with the formal agenda of the meeting. The notice convening this AGM along with the copy of the annual report were circulated to the members electronically. With your permission, we shall take them as read.

I would also like to mention that pursuant to the provisions of the Companies Act 2013, it is mandatory to provide remote e-voting facility to members to exercise their votes. Accordingly, the Company had provided remote e-voting facility, which began

at 10:00 a.m. on September 21, 2024 and ended at 05:00 p.m. on September 24, 2024.

For those who are participating in this meeting through VC and have not cast their votes through remote e-voting are eligible to vote through e-voting system made available in the e-voting platform of CDSL. Since all the resolutions already put for remote e-voting, the resolutions are not required to be proposed and seconded. We shall now take up the agenda as set out in the notice.

Agenda item 1A and B to consider and adopt the audited financial statements of the company for the Financial Year March 31, 2024 and the reports of the Board of Directors and auditors thereon and the audited consolidated financial statement of the company for the year ended March 31, 2024 and the report of auditors thereon.

Agenda item No. 2, to declare a final dividend on equity shares for the financial year ended March 31, 2024.

Agenda item No. 3 is to appoint the Director in place of Mr. Soual Mohamed who retires by rotation and being eligible offers himself for reappointment as a Director liable to retire by rotation.

Let us now move to the Special Business on the agenda.

Agenda 4 is for ratification of payment of remuneration to cost auditor.

Agenda 5 is for approval of material related Party Transaction with related parties. The text of the resolutions along with explanatory statements are provided in the notice circulated to the members. The members who have registered as speakers and desire to ask questions pertaining to any items of the notice, he or she may do so now. Members are requested to keep their questions brief and specific. The moderator will facilitate the questions on the video feature. To avoid repetition, the answers to all the questions will be provided towards the end. Now, the moderator will announce the name of the speaker shareholder and I request the moderator to unmute the speaker one by one.

Moderator:

Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. I now invite our first speaker member, Mr. Krishnan PS to please accept the prompt on your screen, unmute your audio and video and you may ask your question now.

Krishnan PS:

Thank you and good day to the Paradeep Phosphates board and management team. I do have a bunch of queries which I wanted to ask the management and the board. My first query is I just wanted to get an understanding behind the thinking to merge Mangalore Chemicals and Fertilizers with Paradeep Phosphates. The second query I have is, what message do you want to give to the shareholders or to investors as to how does Paradeep Phosphates would like to generate or drive shareholder wealth given that we are operating in a very low margin business environment and also this is a highly regulated business with huge government involvement and driven by government subsidies also with very volatile commodity prices. And here also I like to know what is the vision for the company over 5 to 10 year period? Where would you really like to see this company over a 5 to 10 year period and what is it? What steps are we taking towards the long-term growth of the company? The fourth query is again related to the second query is how do you plan to drive profitability given that a whole host of factors like low margin, commodity prices, capping of prices by the government, etc., that is from my end. Thank you very much.

Moderator:

Thank you. We now move to our speaker number two, Mr. Manoj Kumar Gupta. Sir, may we request you to please unmute your connection and you may ask your question now.

Manoj Kumar Gupta:

Good afternoon, respected Chairman, Board of Directors, and fellow shareholders. My name is Manoj Kumar Gupta. I have joined this meeting from my residence, Kolkata. Namaskar. Sir, I am fully proud of you and I am your great admirer. Today when I was speaking to the Company Secretary, he told me today that Mr. Gupta, you have registered and you will speak. Yes, I will speak and I will support all the resolutions because I am a great admirer of Mr. Saroj Gupta. He is a man who has fought against the MNC for the interest of the small shareholders so that we are proud on you. I strongly support all the resolutions with the hope that we will get good return. Sir, I have two to three questions for you. The presentation given by the MD in his speech, the reflection of that is not in the stock market. I told you last year that our share is still below price. Because by the type of performance, the balance sheet, the profit, the share price should have crossed three digits but why is the share price not increasing? Is it your policy that we do not play in the stock market but the performance of the company share should increase but we hope that next year it will grow and Sir what is your future plan for the Company for next two to three years and how you will reward to the investors in future and thanks to your moderator and she is following and she said just join, start your video and speak. The ESG the MD has already covered about the ESG. How you will reduce the energy cost? Have you any plan to install the solar power to reduce the energy cost or have you any plan to use the artificial intelligence, AI in future and Sir when do you expect to complete

the merger process of Mangalore Fertilizers and with this thanks to you, your team and I strongly support all the resolutions. Thank you.

Moderator: Thank you very much. Our next speaker member was Mr. Manjit Singh. He had registered however not joined the meeting. That brings us to the end of the Q&A session. Back to you, Sir.

Saroj Kumar Poddar: Thank you. While I will ask Mr. Krishnan to respond to most of the queries, I would like to share some of my personal thoughts with my fellow shareholders. All of you have spoken in terms of creating shareholder value. You can be rest assured your board, your management team, and everybody concerned is looking at creating shareholder value and we are doing everything. We truly are very much in a controlled environment, but still we are doing everything possible to create shareholder value and the steps like increasing the capacity of the sulphuric acid plant and setting up a new phosphoric acid plant are all steps in the direction of creating long-term value for the company and therefore for the shareholder. The vision of the company is that we continue to be a leader in our segment and we should be amongst the top two in the country. Our stock price is an issue. As you know, this has more to do with you than with us because we do not play in the stock market. It is investors like you who participate in the stock market. And my question is really to you, why when the performance is so good, why is the share price not reflected on the performance? So, instead of asking me, I am asking you this question and you have to respond to me at the next meeting. Suresh, can I request you to answer to the other queries raised?

Suresh Krishnan: Sure. Thank you, Chairman. Well, I think we have two sets of queries. One is from Mr. Krishnan and the other is from Mr. Manoj Gupta. In terms of responding to that, I think the first thing that I would like to reflect on is the fact that when the company went into the IPO discussions with possible shareholders, which was in the year 2022, we had clearly laid out in terms of what our plans are and why are we coming into the stock market listing. The priorities besides the exit from the Government of India most really fund certain very key initiatives that we had talked through at that point of time. The first being that we wanted to be an all India player with significant market share and when I say significant market share, we were looking at more than 10% to 15% market share in the phosphatic business, which in our view should grow much further from where we are today that is the first one. The second vision that we really had was to be profitable as you rightly pointed out, Mr. Krishnan, that it is a controlled business, but in every controlled business, there are opportunities for the management and for the company to grow in an efficient manner. The opportunities come from improving efficiency on one end and also improving your supply chain in

a significant way, which is what is available in the kind of business that we are in. And third is, how do we innovate products where the overall return, both for the consumer and the company is better?

So these are the three baskets in which we as management, we have kind of looked at our entire operation. First and foremost, in our business today where all raw materials is practically imported and efficiency in supply chain is very important and a consistent and reliable supply chain is very important. And this is what we have achieved with coming with OCP from Morocco, enabling us to ensure long-term availability of all the raw material required at the right kind of prices when it comes to phosphate that is number one. Number two, when it comes to the other raw materials, we have gone with global majors with not just short-term agreements. We have all gone with long-term agreements where we are sure both in terms of volumes and in terms of a pricing mechanism, which is totally dictated to the global market but at the same time giving us downside protection in terms of what the actual prices will be that is the second thing. The third important thing that we have really done is look at the product mix. If you look at the standard regular products, yes, the control industry has a limitation but when you look at a much broader spectrum of products that you can really offer, then that is when your profitability comes up. As I said in my original presentation, we have from a highly dependent diammonium phosphate player. We have come into NPKs to the extent of 53%. And even within the NPK basket, we are today coming out with more specialised products which are more relevant to the farmer, good for the soil, at the same time can drive profitability for us, that is the key that we are looking at. And the third important thing is, Government of India itself today has very well defined that that they have recognized the fact that the industry has to do well. For the industry to do well, it needs to really create capital from its own operation. And hence, they have also very well defined today what kind of profitability in an industry like ours can garner, what kind of policy framework that should be there, wherein they have said that 12% profit after tax for integrated player in the phosphoric business is what they believe as a reasonable profit and I think the policy is going to encourage us to go towards that. So these are very clear steps. So when you look at today, we have completed all the projects that we talked about during our IPO days, which is basically increasing our phosphoric acid capacity and taking on our increased granulation capacity and providing for a better product mix that has already been achieved. When it comes to the future, what we are trying to do this is not only to further consolidate our position by doing a few more of backward integration project like an incremental sulphuric acid project that we are doing. We are looking at debottlenecking of our phosphoric acid further. We are actually now trying to use our capacity and ability to make

specialised NPKs to other parts of India. If you look at India, with the merger that we did two years back, we are pretty much a pan India player. We are present in more than 15 states and all are large consuming, progressive states of India where farmers and farming is an important activity.

And here we are able to now move more specialised products and we have been recognized for that in some of the northern states and we believe we will continue our effort to really reach where we need to reach but that is an important thing that you will get to see and that is where the value add will come. And in terms of our vision, I think we are absolutely clear that efficiencies are something that we need to bring in. And we are taking efforts to bring in efficiency in a number of ways. The first and foremost is reducing our carbon footprint in our manufacturing facility by making them more efficient. We are already working on this both in the Goa side and also in the Paradeep side and I am sure you all will be happy to know that Paradeep is one side where we generate 53 megawatt of power without any hydrocarbon. The entire thing is done from waste heat that we generate from our own process activities that itself is a big thing. And on top of it, we are also going to be looking at renewable energy to come into us. So there are these measures which are there, which we believe are quite significant. And during the next 18 months, we already have a commissioning of our sulphuric acid plant, which is going to be positive. We will have more enhanced capacities coming out of our backward integration, which will improve our profitability that is the second thing that we are doing and the third important thing that you will get to see, further optimization of the ammonia-urea train, which will also help us to reduce energy.

And last but not the least, the newer products that we are introducing will finally come and add significant value to the overall basket that we are providing. And our endeavour as management and the common goal that we all have in the company with the approval of the board today is that we will take our capacity. We will grow in capacity, India's 20 million tonne phosphatic market. We are currently at about 2.7 million tonnes and we expect that we will be moving more towards a 25% market share there. And the reason, I think Mr. Krishnan had asked me about the merger with MCFL. Merger with MCFL is one step towards that, that we are able to enhance our capacity. We are able to get a more efficient ammonia-urea train. We are able to get a phosphatic train and we are also able to get markets in deeper south where we are not currently present. Thank you.

Saroj Kumar Poddar: Thank you, Suresh. Ladies and gentlemen, members who have not casted their votes by remote e-voting to cast your votes electronically now. The Board of Directors has appointed Mr. Shivaram Bhat, Practicing Company Secretary as the scrutinizer to

supervise the e-voting process. Time period of 30 minutes would be available for casting your votes electronically at this meeting after which the meeting will stand closed. Further, I hereby authorise Sachin Patil, Company Secretary who shall declare the results immediately after the receipt of the consolidated report from the scrutinizer. The results of the voting will be announced within two working days at the conclusion of this AGM.

So, with that, I once again thank you members for joining us at this AGM. I hope we have answered all your queries satisfactorily and also thank all my fellow Directors for being with me here today. With this, I like to conclude the proceedings of the AGM and wish all of you a very healthy year ahead. Thank you so much.

Moderator:

Thank you very much Sir. Dear members, as instructed by the scrutinizers, request all the members participating in the AGM and who have not yet casted their vote to cast their vote in the remaining period of 30 minutes. Thank you.