

CHAIRMAN'S SPEECH IN 52ND ANNUAL GENERAL MEETING

Dear Shareholders, very good morning to all of you!

It gives me immense pleasure in welcoming you all to this 52nd Annual General Meeting of the Company held through Video Conferencing and Other Audio-Visual Means in pursuance to the General Circular no. 10/2022 dated 28th December, 2022 of Ministry of Corporate Affairs, Government of India. I would have happy to meet you personally in physical meeting but virtual meeting enables greater participation of the shareholders from any geographical locations also save time and cost of attending meeting.

On behalf of Board of Directors of Assam Petro-Chemicals Limited, I thank each one of you for joining us in this 52ndAGM also for your continued trust, encouragement and unequivocal support to the Company as well as management.

The Annual Report for the financial year ended on 31st March, 2023 containing the Notice of 52ndAGM, Directors' Report alongwith its annexure and the Audited Financial Statements of the Company, have already been circulated amongst you and with your kind permission I take them as read.

Dear shareholders, although your company did not do well in the Financial Year 2022-23 but it is my duty to take you through the performance of the Company.

The Financial Year 2022-23 was one of the most difficult years in the 52 years journey of the Company as the year started with unprecedented hike of natural gas price, the main feed stock in production of Methanol. The Ministry of Petroleum and Natural Gas, the Government of India hiked of Natural Gas price from 2.90 USD to 6.10 USD/MMBTU i.e. 210% effective from 1st April, 2022. This increase remained in force upto 30th September, 2022. The Natural Gas price was further hiked from 6.10 USD to 8.57 USD/MMBTU i.e. 40.50% effective from 1st October, 2022 to 31st March, 2023. During this year the exchange rate of US Dollar to Indian Rupee has also increased. These factors resulted overall increase of feedstock cost by 231.86% over the previous year.

The year 2022-23 also started with another setback to the Company as the price of Methanol declined in Indian market. During the year the Company earned revenue of Rs. 104.05 Crore from its operations and earned income of Rs. 4.00 Crore from other sources. Due to the high cost of production of methanol on account of natural gas price increase and low product price in the country, the company suffered a loss of Rs. 67.37 Crore during the Financial Year 2022-23.

Dear Shareholders, profit or loss are very much integral part of any commercial organisation. The loss suffered during the year was primarily due to sudden increase of natural gas price in the country. Efforts are made to turn the company around. We hope that good days will return and your company will flourish again.

Assam Petro-Chemicals Limited has been in business of production and marketing of Methanol and Formalin for last five decades. The annual installed methanol and formalin production capacities as on 31.03.2023 were 33,000 MT and 41,250 MT respectively. Although our 100 TPD methanol plant is about 34 years old but still performing at above 90% of its capacity. This has become possible because of better handling its plants and equipment and proper maintenance. I hereby would like to congratulate our engineers and technician for keeping the plant in healthy conditions and operational. The Formalin plant of the company is also 25 years old. The capacity utilization of the Formalin Plant during the Financial Year 2022-23 was 100%.

Sales and marketing hold the key in success of any business enterprise. Your company is marketing its products, i.e., Methanol and Formalin in the North Eastern States, West Bengal, Bihar, Uttar Pradesh, and Western India region also exporting to Nepal and Bhutan. Methanol market in Bangladesh has great potentiality and the Company started exporting to this country in this financial year.

Your Company sold 5936 MT methanol during the Financial Year 2022-23 against 6402.61 MT in the previous Financial Year. The Company sold

49,005MT of formalin during the FY 2022-23 as compared to 51,201 MT in the previous Financial Year. There was decline in both the products sales during the year compared to the previous year due lower production of methanol due to shutdown of the 100 TPD Methanol plant for replacement of reformer tubes.

Dear Shareholders, you must be aware that the 500 TPD Methanol plant has already commissioned on 8th April, 2023. Although this plant is in the stabilization stage and preparing for performance test, but the company is getting additional quantity methanol to market. Considering the high input cost due to hike in the Natural gas price in the country, the Company is focusing on the areas and sectors where the realization is highest. Bangladesh market and pharma sector are two such areas where the company is now penetrating. Methanol produced by the Company meets product quality specifications required to Pharma sector. We are happy to inform that certain pharma companies have started procuring methanol from us at a premium price.

Dear shareholders, the 500 TPD Methanol plant project of the Company has successfully commissioned on 8th April, 2023 and dedicated it to the service of the nation by the Hon'ble Prime Minister Shri Narendra Modi ji on 14th April, 2023 virtually from Sarusajai Stadium, Guwahati.

The technology used in the new 500 TPD methanol Plant is obtained from Holder Topse of Denmark and Engineers India Ltd., a Government of India enterprise implemented this plant as LEPCM Contractor. The new methanol plant is expected to operate at 100 % capacity soon and the Company will be able to declare Commercial Operation Date. Presently this plant is producing around 450 MT per day of methanol.

The 200 TPD Formalin project is under implementation on Lump Sum Turn Key (LSTK) basis. LSTK contract for setting up of the 200 TPD Formalin project has been awarded to ISGEC Heavy Engineering Ltd. with Technology Licensor Omega Chemical Group S.R. L., Italy at a cost of Rs. 70.80 Crores. Implementation of this project is in progress. The project implementation time was for 24 months but the LSTK contractor has delayed in the

implementation. As per the revised implementation schedule, the project is expected to commission in December, 2023 followed by another four months for guarantee test run. Your company is also implementing a transshipment facility centre at Boitamari which will enable the company to easy transportation and market its products.

Dear Shareholders, the cost of the 500 TPD Methanol and 200 TPD Formalin project alongwith 11 MW Captive Power Plant has been increased and the additional project cost is raised in the debt equity ratio of 2:1. The additional equity capital of Rs. 124.22 Crore has been raised through rights issue in two tranches. Rights shares offered were subscribed and allotted, I on behalf of my colleagues on the Board would like to convey our heartiest thanks for your continuous support and confidences bestowed upon.

You are aware that Punjab National Bank provided the company required debt capital for implementation of the 500 TPD Methanol and 200 TPD Formalin project. Since the project cost has increased, the company approached to PNB for additional term loan but the bank unable to sanction it due to certain regulatory constraints. The Company had also approached to few other banks but all the banks unable to provide additional loan due to the same regulatory reasons.

Finally, the Company approached to Power Finance Corporation Limited, a Maharatna Company of the Central Government to provide financial support for achieving the financial closure of the increased project cost. Power Finance Corporation Ltd. accepted Company's loan proposal and decided to provide loan of Rs. 1229.12 Crore by taking over the existing term loan having with Punjab National Bank. I am happy to inform you that the Board of Directors of the Company accepted the sanctioned loan amount and the Company has completed the documentation works early this month.

Methanol is one of the most demanded chemicals globally. Global demand for Methanol is increasing approximately at the rate of 5% annually whereas the demand of Methanol in India is increasing at the rate of 7%-8%. Present global methanol market size is 30.9 billion US Dollar and expected to reach

38.2 billion US Dollar in 2028. India imports approximately 80% of its domestic methanol demand. The domestic production of methanol has remained static for last few years due to high production cost compared to imported methanol price. With the commissioning of 500 TPD Methanol plant, Assam Petro-Chemicals Ltd. has become the largest methanol manufacturer in the country.

Dear Shareholders, as I mentioned about exorbitant hike in natural gas price and we have also seen its impact in the financials of the Company during the FY 2022-23. Meanwhile, the Government of India has revised the Natural Gas pricing Policy effective from 8th April, 2023 and linked it with crude oil price. According to the new policy, price of Natural Gas shall be 10% of the monthly average of Indian Basket of crude oil which will be notified on monthly basis. Gas produced from new wells or well interventions in the nomination fields of ONGC & OIL, is allowed a premium of 20% over the gas price fixed on the nominated block. Your Company purchases Natural Gas from Oil India Limited for producing Methanol. As per the new NG pricing policy notified and made effective by the Central Government from 8th April, 2023, your Company is purchasing NG partly at 6.5 USD and partly at 7.8 USD per MMBTU. This has a great impact on the cost of production and profitability of the Company.

In order to counter the increasing production cost, the Company has been penetrating in the market from which the price realisation is maximum and approaching the Government to provide fiscal support in the form of VAT exemption on feedstock. VAT exemption proposal is under consideration of the State Government.

Assam Petro-Chemicals Ltd. is a responsible corporate entity and sincerely discharges its social responsibilities over the years. Pursuant to the CSR Policy of the Company, Assam Petro-Chemicals Ltd. is presently working on the field of education. During the Financial Year 2022-23, your Company provided financial support to APL Vasundhara Jatiya Vidyalaya, Namrup, provided a Diesel Generator to Namsang T. E. Model School, Naharkatiya and illuminated Tingkhang College compound by solar lights. The Company also contributed of Rs. 1.00 Crore to Chief Minister's Relief Fund, Assam.

APL is also providing financial support to socio-cultural organizations located and working in and around Company's Head Office at Namrup.

The human resources are the most important resource of any organization to progress and prosper. The success or failure of an organization is largely dependent on the calibre and capabilities of the people working therein. The Human Resource Management is an integral part of the Company which focuses on driving employee engagement, fostering a positive work culture, handling employee relations, supporting them to enhance their knowledge and skill for individual and organizational growth, development and success. In order to optimize the human resource, the Company is framing and administering best HR Policies, sourcing competent personnel through recruitment, imparting training to newly recruited employees and continuous training to existing workforce, periodic evaluation of employees etc.

The industrial relations scenario of the Company during Financial Year 2022-23 was harmonious and cordial. All the issues raised by the APL Workers' Union as well as APL Officers' Association were resolved amicably through discussions.

Assam Petro-Chemicals Limited gives utmost priority to Health, Safety and Environment to maintain a healthy and safe work environment also safeguard its assets and properties as well as its surroundings. The Company is committed for continuous improvement in working environment and maintaining health, safety and wellbeing of the employees. The Company is also committed to protect environment and minimize release of Green House Gas (GHG) from its operations.

Dear Shareholders, your Board of Directors could not recommend for dividend for the Financial Year 2022-23 nor transfer to general reserve due to the loss incurred by the Company.

Pursuant to Section 139(5) of the Companies Act, 2013, the Comptroller and Auditor General of India appointed M/s Parik & Co., Chartered Accountants as independent auditors for FY 2022-23. They have audited the Financial Statements of the Company and the Financial statements alongwith the

audit report are placed for your consideration and to adopt in this General Meeting.

At the end, I alongwith my fellow colleagues on the Board would like to convey sincere thanks and gratitude to each one of the Company's employees and their family members

I sincerely extend thanks to each of the members of the Board of Directors of the company who were holding the office of directors during the Financial Year 2022-23 for their valuable contributions.

I would also like to express our sincere and profound gratitude to the Government of Assam, Government of India, Oil India Ltd., Assam Gas Company Ltd. and Assam Industrial Development Corporation Ltd., for helping the company in all possible way during the financial year 2022-23. I also like to thank Assam Power Distribution Company Ltd. for supplying required electricity for continuous operation of its plants.

I also like to express sincere thanks to each and every shareholder of the company for reposing confidence and extending fullest support to the company's Board and the Management.

At last, but not the least I convey my sincere gratitude to my colleagues on the Board of Directors of the Company for their contributions and sincerity towards the company.

I also like to convey thanks and gratitude to the media personnel and local social organisations for their continuous support and advise given to us.

As I conclude, I sincerely thank each and every one of you, our stakeholders for confidence and trust bestowed upon us. We remain committed to sustain and continuously improve the Company's performance and live up to your expectations.

At the end I wish you all happy and healthy life ahead.

Thank you all for your kind attention.

Date: 26th September, 2023

Place: Namrup

(Bikul Ch. Deka)

Chairman