



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Fertilizernagar - 391 750. Vadodara, Gujarat, INDIA.

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10th November, 2023

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Dear Sirs/Madam,

Sub. : Transcript of Investor ConCall held on Wednesday, 08th November, 2023

We refer our submission vide letter dated 1st November 2023 wherein the intimation was made that the Conference Call with Analysts is scheduled on 08th November, 2023 at 03:30 PM IST.

We are enclosing a copy of the transcription of Conference Call. The aforesaid information is also disclosed on the website of the company at www.gsfclimited.com.

Kindly take note of the above.

Thanking you,

Yours faithfully,

For Gujarat State Fertilizers & Chemicals Ltd.,

Nidhi Pillai

Company Secretary &

Vice President (Legal)

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**“Gujarat State Fertilizers & Chemicals Limited
Q2 FY-24 Earnings Conference Call”**

November 08, 2023



**MANAGEMENT: MR. V. D. NANAVATY – EXECUTIVE DIRECTOR
FINANCE & CFO.**

**MR. SANJEEV VARMA – EXECUTIVE DIRECTOR,
MARKETING AGRIBUSINESS.**

MODERATOR: MR. NITESH VAGHELA – ANURAG SERVICES LLP.



V. D. Nanavaty: Good afternoon and welcome to all the participants, thank you for joining this GSFC Q2 Post-Results Concall.

To give some brief about the agriculture and economic scenario prevailing in context of the Q2 performance. I would request our Executive Director, Marketing Agribusiness to summarize the situation please.

Sanjeev Varma: Good afternoon all just to give a brief on the agriculture, the monsoon was onset a little delayed by a weeks' time. But the sowing is same as last year the area of sowing is the same as last year this year also. We saw a dry spell in August where the rainfall is very scanty, this is the driest spell in last five years' time. Our business stage where the rainfall that was part of Bihar, UP, West Bengal and Karnataka. In Gujarat which is our prime market we were fortunate to have 18% excess rain. So, there was no dry spell, but August was a concern which resulted into shifting of the crop to soybean. And agriculture started, the Kharif started on a positive note of agriculture with MSP increase by 7% to 10% of a difference across by government. And MRP of most the fertilizer remains as last year except where in case of Ammonium Phosphorus Sulfate which is again a prime product for GSFC where the MRP went down to Rs.1200 which was lower than the DAP, MRP or Rs.13.50 and for all of the sowing I already said was nearly the same as last year only 1% change, but there were change in the cropping pattern both across the country and in our primary market of Gujarat.

In Gujarat we have a shift to soya bean from Bajara because these two things which need rain, dry spell can sustain these crops. Pulses have got reduced, there was a slight increase in cotton also 5%. So, consumption of fertilizer also remained the same during this period, like for GSFC so we were producing Phosphate, APF, Urea and Ammonium Sulfate of Baroda and the plants were running at capacity and our Sikka plant was also running and producing DAP and APF we also have imported DAP to fulfill the need of the country. The prices were stable till late August. Thereafter there was sudden rise in the international prices of fertilizers like DAP went up from \$450 to \$590 and even Urea went from \$280 to \$400 which has resulted into hike in prices, net prices to all the company because raw material has also increased like this phosphoric acid has increased from 850 to 970 and \$985. And ammonia today is at \$540 which was in the range of \$280 to \$370 in August. So, in this scenario we could perform better because of the good rain and support to agriculture from the government. Over to you Nanavaty sir.

V. D. Nanavaty: Thank you. With this background now we will have a company specific summary. So, have you have you seen the numbers there was a ever highest quarter growth in of 3000 crores and fertilizer also sales was at the highest level. If we talk about the volumes in Q2, or Q2 last year 52% rise in volume terms apart production that was backed by the higher production also in our plant. In value terms also the fertilizer sales increased by 35%. Reduction in all major raw materials during Q1 and Q2 like phosphoric acid, ammonia, sulphur, natural gas all this thing has been improving was sustaining our margin. So, they were seen less compared to last year, but as we have said number of times last year was a highest result for the GSFC historical year.



So, sustaining that kind of performance is difficult, so there was expected to be some reduction in turnover and margin.

As far as subsidy collection is concerned, there are government is regular in providing the subsidy support, we have received subsidy up to September 23. Fertilizer volume as far as we are concerned, you have seen the H1 volume for the next H2, and overall, for the year as a whole we hope that we'll touch 15% growth in volume as compared to last year, supported by higher production at Sikka unit and some trading as and when the opportunity arises for another fertilizers. You must have seen the balance sheet and cash flow. Cash and bank balances are at around Rs.2300 crore and this is after the dividend payment of Rs.400 crore in late September, early October.

Capro-benzene trade remain low during the quarter, but it has started some improvement more than \$700 from October onwards and on yearly basis, we see \$700 to \$750 of average spell throughout the year. As you might have noted in the notes to our accounts that reduction in subsidy from October onwards has been provided by the company so, that H2 roll support because of the stock that was laying with us on 30th September. We have also provided Rs.100 crore for salary reversal which was due from 1st January 23. So, this quarter has accommodated a large provisions still the results are comparatively good. As you are aware government, as per government of Gujarat, GAR company they have increased their dividend. So, we had a good dividend income in Q2 of Rs.147 crore which is almost 95 crore higher than last year.

Similarly, with the comfortable cash position, we will continue to have better interest income in H2 also. So, that will be additional support for the profitability of the company. CAPEX we have been talking regularly, so, we have total CAPEX of around 4000 crores at different stages and that will give whenever they will be working at 100% capacity. They will provide good top line and bottom line in support going forward. Thereafter we also plan for expansion at Dahej for which DPR is underway and we hope that this detailed project reports will be available by March 24 with some technology, identification of technology supplier and all. So, we will take the matter followed in a concrete way thereafter. So, the growth story of GSFC remains intact and we are poised to grow in top line and bottom line together for years to come. Thank you.

Vaibhav Sheth:

I'm Vaibhav Sheth from Jamnagar, Gujarat. I would like to ask two questions. First question is that, after the announcement of GR of Gujarat government in the month of April, there are rumors in market that looking at the case of GSFC and standalone company. GSFC can give holding company plus GSFC alone case GSFC can give Rs.35 to Rs.50 per share dividend whether it is correct or not, over a period of time. And second question is, in the AGM Mr. Chairman sir has informed that Board is looking for various actions as per the GR of Gujarat Government what is the status for the same. Thank you.

V. D. Nanavaty:

Yes, so as you heard him during AGM also and he was saying that Gujarat Narmada Valley Fertilizers for which we are promoters GSFC, is having Board meeting today to deliberate on the buyback offer by the company. So, that was the first PSU to start the exercising the option



of mention is here so, they have already decided business good dividend and paid in September. Now, they are deliberating the buyback offer today. So, all the PSUs will be taking up this exercise at the appropriate time. So, GSFC will also be doing that exercise. So, what GSFC goes through will be kind of a torchbearer for us and let's assure that we are here to follow government here for higher dividend and other capital restructuring options. Dividend as you said, we are maintaining a formula for dividend distribution minimum dividend distributions so that we will be following in any case. So, as far as we are making profits, the network will keep on increasing. So, the 5% of network is one criterion. So, you can assume some dividend going forward, rest is rumor as you rightly you said.

Vaibhav Sheth: I am sorry to interrupt you sir, I would like to add something. As you said at the appropriate time all the conversation will be coming. So, can we expect by this financial year we can expect it?

V. D. Nanavaty: I do not know but, there has to be some time bound exercise. One cannot say that I will think over it after three years kind of thing, so it will be taken up one-by-one. So, unnecessary time will be spent delaying it.

Mayur Liman: Sir, I just want to understand about the market share about the chemical fertilizers. Could you please help me in that?

V. D. Nanavaty: For different product we have different share, like fertilizer as far as urea is concern, we are a very small player. So, more than three crore tonne of urea is sold in the country, while we produce 3,70,000 tonnes so it is around 1% in the country's demand. But we have a good all over ammonium sulfate which is produced by FACT that is based in Cochin and GSFC only two producers and government don't give subsidy on imported ammonium sulfate. So, there our market share is more than 60% market is by GSFC. For DAP and NPK we have around 8% market share in the whole country. Of course, we have strong share in our primary market of Gujarat, Maharashtra, Madhya Pradesh but taking the demand for the country as a whole. So, this is the share, chemicals also we produce monopoly or oligopoly type of production. So caprolactam, GSFC and FACT are only two producers, most of the market is enjoyed by us and it is import from various countries. Similarly, melamine we are the only producers. So, we cater to 40% of the Indian demand, rest is imported and other domestic also we are the only producer in the country. After we sell out our quantities the rest is imported into India. So, from market perspective, we enjoy a good share, and we don't have any problem from the demand side.

Mayur Liman: Okay, sir. And now the government is moved to the Nano urea side. So, what do you think about it, I just want to understand the company perspective about the government initiatives?

V. D. Nanavaty: Just to answer your question, yes government is promoting Nano fertilizers, Nano urea and Nano DAP they are still in the market development stages because as the country is a large country large agricultural base. And these are the thing which can be sprayed only once you have the leaves with limited usage, time will just tell the usage because in the basin still the normal fertilizer, liquid fertilizer goes away. But yes, it is a good move going ahead and let's see how



the market takes away this thing. As far as GSFC is concerned, GSFC is currently not in Nano but in many other liquid fertilizers. So, we have quite a good hold in the market on liquid fertilizer. Thank you.

Mayur Liman: Okay sir. And my next question is about the El Nino. Now that we are seeing the huge effect of both about the El Nino. Now, there is some rumors going on the Super El Nino which will come next year. What do you think about it, is it do some effect on the company performance?

V. D. Nanavaty: As you said the Indian agricultural economy which highly depends on the rainfall. Last year also similar rumors was there and today the rainfall is normal as a whole across the country except depreciated some of the states fortunately Gujarat being our prime market it's 18% higher and our share in Gujarat has also increased during H1 and we are hoping to maintain the same in the coming quarter also. As rightly said, it is a rumor at present, yes there is a delayed monsoon, delayed by the, also the cropping pattern has changes, but we are prepared because we have a basket of product which helps in all the cases.

Shrenik Mehta: Mr. Nanavaty, myself Shrenik Mehta, senior citizen from port city of Jamnagar, by profession an advocate and I earn my bread and butter from dividend income from the share market that is my short introduction. Nanavaty sir, I'm the founder shareholder since the inception of our company. And at present I am presiding over as the Chairman of Expert Committee on Capital Market, Jamnagar Chamber of Commerce Industry. So, sir shall I ask all the questions at a time, or shall I ask first question then you reply, and I will ask second question, what will you prefer sir?

V. D. Nanavaty: No, I would like to reply one by one.

Shrenik Mehta: I will also like that. Sir, first of all, I would like to know what is the network per share of our company GSFC please let me know.

V. D. Nanavaty: The total net worth as on March 23 was around 7800 cores and we have some 40 crore shares outstanding. So, for simplification we can say 8000 crores divided by 40 crores, so it is Rs.200 per share that is the net worth.

Shrenik Mehta: Good. My next question is sir, there are major changes in fertilizer subsidy policy of the central government, actually what are the changes and how negatively it will impact on the profitability of your company and how we shall met with it please throw some light.

V. D. Nanavaty: Yes, so government for urea it is a pass through subsidy mechanism. So, all cost are borne by the government and just some profit is allowed to fertilizer companies for making urea there is no danger or any problem with up and down in the input cost. But phosphate and potash fertilizers are all under nutrient base subsidy scheme. So, for them they declare subsidy at the beginning of financial year. And it is mostly fix for six month or one year so whatever price changes happened during the year subsidy remains the same. And they also control the MRP of



fertilizers so that the farmer don't have to pay more. So, any increase in the input cost has to be borne by the fertilizer companies most of the time. So, this time also from October they have reduced the subsidy because they look at the part import and cost data. So, during April 23 to September 23 input cost like Ammonia, Phosphoric acid, natural gas, Sulfur, they were quite low. So, using that data, they reduce the subsidy from October 23. But really, price of all these products have increase from October 23. So, government will have to think something going forward say from January 24 let us have to increase the subsidy or input prices should come down, something or the other should happen otherwise in this election year, the government cannot afford shortage of fertilizers. So, if the companies don't make looking to the cost economics, government can be in trouble and government has already saved a huge subsidy as compared to last year their subsidy budget their actual spending in 2022-23 was around Rs.2.5 lakh crore. Now, they may wind up this year, I would say 1,50,000 crore or 1,75,000 crore. Already saving of Rs.75,000 crore to Rs.1 lakh crore is expected by government. But their revenues are rising as you must be reading GST collection highest, then income tax highest. So, government has a double benefit their revenues are rising, and their subsidies are coming down.

Shrenik Mehta:

So, sir what is the future expansion plan of GSFC, you have mentioned 4000 crore, some newspaper say expansion plan is about 8000 crores, so what is correct and when it is going to start and when it will get completed sir?

V. D. Nanavaty:

Yes, so 4000 crores will happen in three, four years those projects are at various stages of implementation or technology tie up or within states like that, so they are kind of a firm projects 4000 crores. And another 4000 crores is planned at Dahej because in Vadodara most of the land are now occupied. And it is in the city, so no more expansion is possible. Another 4000 crores will come in Dahej for which detailed project report work is going on. And in March 24 it will be submitted, then Board will take a further call which product are profitable and should be taken up for setting up this plant. So, this is how the two 4000 crores of each are different stages.

Shrenik Mehta:

Sir, now regarding finance. September 22 profit was about say 285 crore, September 23 profit is around 309 crore, profit during June 23 quarter was 112 crore, so there is wide variation in the profitability so, market since last four days price of our company, share company in market are going down and down. So, can you throw some light on it sir?

V. D. Nanavaty:

So, we explained during the quarter one, this post result concall that this was not a normal performance, it was kind of lower performance for GSFC than normal, we had some plant shut down then subsidy reduction effect and all those together, so we promised at that time that Q2 would be much more higher performance better in terms of top line, bottom line that we have already achieved. So, due to kind of performance is normal 106 PBT in Q1, PAT of Q1 was not a, it was a lesser performance I would say exception kind of thing.

Shrenik Mehta:

And sir GNFC is about to declare a buyback today, it has not yet come. So, is our company going to participate in buyback or GFSC is not going to participate in buyback?



- V. D. Nanavaty:** So, once the GNFC Board meeting is over, they will declare that to SEBI. We have our one Board Mand in GNFC Board, our MD is in GNFC Board, looking to the deliberation because GNFC has not so far declared at what price they will do buyback, how much they are offering. So, before that GSFC also cannot decide whether to participate or not. So, both things will come together what GNFC share price, quantity of shares, promoters' participation all answers will come together by evening.
- Shrenik Mehta:** By evening can we get these answer sir?
- V. D. Nanavaty:** Yes, they will have to submit to SEBI and Stock Exchanges, isn't it.
- Shrenik Mehta:** Yes, correct. And sir last, when can a shareholder of GSFC expect buyback, split, bonus?
- Shrenik Mehta:** Now GNFC is taking the lead in buyback, so, other companies will have to examine either buyback or bonus because our share was Rs.100, it was split to Rs.10, then it was again split to Rs.2. Now much scope is not there for splitting. But bonus and buyback could be on the table maybe going forward.
- Shrenik Mehta:** Nanavaty sir, thank you very much for the nice reply and as a minority shareholder, I'm quite satisfied with your answer and sir wish you best of luck and as a shareholder we expect our value of share to go up as and when our performance grow up. Thank you, sir.
- V. D. Nanavaty:** Our Company Secretary is ready to give answer to your question.
- Saket Kapoor:** Thank you ma'am. Hope all well at your end thank you. Sir, firstly as you yourself mentioned in your opening remarks that this quarter has also many of one offs if we take the higher other income that is getting negated with the higher employee provision, and then there is a net of also the subsidy negative impacts has also been built into. So, on the subsidy and the inventory front, can you quantify the number for this quarter in terms of the impact of the lower subsidy amount which we have taken in this quarter?



- V. D. Nanavaty:** Around Rs.300 crore.
- Saket Kapoor:** Okay. This includes, including the reduction in the month of October also?
- V. D. Nanavaty:** That is mainly October because even if we have booked September sales with the September subsidy, but when we are going to do sale through POS machine from October onwards, it will get us lower subsidiary only, so all the stocked inventory that you are talking, I am not talking of inventory lot sold but with inventory which is already sold as a first point sale to dealer and other stockiest but when they really sell it to farmers through POS machine, that machine will throw up lower subsidiary amount. So, that I have to provide because if cannot waiting sale to happen in October, November, December and then providing lower subsidiary at that time, all companies are providing it upfront right away in the September. So that the next quarter remain clean and don't come on the share of lower subsidiary so, this is also GSFC has also done the same.
- Saket Kapoor:** What has been our volume growth for the first half, if we compare this H1 with the previous year?
- V. D. Nanavaty:** Volume growth in terms of quantity sold, it is around 34% quantity H1.
- Saket Kapoor:** Okay. So, as you mentioned earlier that we are expecting a 15% growth over last year numbers. So, what should we expect in terms of the volume for H2 going forward?
- V. D. Nanavaty:** So, we did some 10 lakh odd sales during H1, so we will do 10, 11 lakhs again in H2.
- Saket Kapoor:** Okay, similar number we will have?
- V. D. Nanavaty:** Yes, but last year was 18 lakhs so this will be around 21 lakhs.
- Saket Kapoor:** Okay. Last year fully year numbers were 18 lakhs?
- V. D. Nanavaty:** Yes.
- Saket Kapoor:** Okay. And we have done 10 lakh for H1?
- V. D. Nanavaty:** Yes, we need 10 lakh for H1, so same 10, 11 lakh for H2.
- Saket Kapoor:** Okay, that translates into a 15% growth. And now sir with the factoring of the lower subsidy rates and the losses on account of that what should be the margin EBIT number sir we can look for the fertilizer segment?
- V. D. Nanavaty:** So, as I said our Q3 will be impacted margin because subsidiaries will be reduced while the prices are high, but this situation cannot last long so, we expect that other prices should come down or government should increase the subsidy, because otherwise there are lower production



particularly P&K fertilizer, then may be this financial year maybe okay. But then going forward when the next Kharif season starts in April May 24, there will be very low inventory in the channel. So, that can impact the next year availability of fertilizers in the market so it cannot be tolerated. So, fertilizer production imports, everything has to be consistent, you can't allow that I have stock so I will not, I don't mind producing, or if people don't produce, I don't care, government cannot have that kind of approach. Because even if you don't suffer till March 24, your suffering will start immediately from April, May 24. And these are all with simple things, the volumes are so large that you cannot think of importing say three lakh or one lakh, one crore metric tonne two months' time and it will improve and increase the price very high international market, logistically it is also not possible. So, things have to move smoothly from month-to-month basis, the government knows all these things. So, hopefully from Q4 we should have reasonable margin again in place.

Saket Kapoor: And sir when you mentioned prices are up means, you are speaking about the raw material prices and if you could clarify?

V. D. Nanavaty: Yes, like ammonia, was a \$280 to \$350 in H1 period based on this government reduced the subsidy from October but the same ammonia is \$540 now, similarly phosphoric acid was lower, now it has reached to \$985. So, one side government reduce the subsidiary, but other side input prices have gone up. So, this is contradictory situation. So, one correction either on input price or on subsidiary front, one correction has to happen to sustain domestic production.

Saket Kapoor: And we have updated the government about these changes in the raw material basket, we have made a presentation to the Ministry of Fertilizers?

V. D. Nanavaty: No, they themselves collect all the data, they have more data because they have direct connection to the customs and commerce ministry. So, they get all the data of imports and prices directly, the actual prices plus they also subscribe to various international magazines. So, they themselves compile monthly data for various price, volumes, prevailing price in other countries so many data they have with them, so nobody needs to tell them anything.

Saket Kapoor: Correct sir. Sir when we look at this key input cost movement part on slide number #8, there in we see a strong declining trend for ammonia prices from 43 to 24?

V. D. Nanavaty: Correct.

Saket Kapoor: And what are currently the prices sir?

V. D. Nanavaty: Around 48,000 double.

Saket Kapoor: Okay. So, what could have led to this doubling of prices just in a month's time sir, we have prepared this for closing price as on September and we are in the month of November, first week of November.



- V. D. Nanavaty:** Yes, so these ammonia prices were abnormally low, because they were very high up to March 23. All the input prices crashed from April 23 onwards natural gas, ammonia, phosphoric acid because these very high prices were not sustainable. So, they reduced drastically, but those drastic reductions were also not sustainable. Prices have to be at reasonable level for anybody to produce and sale. So, to prices remain for three, four months at those low levels but again they started rising. Some plant shutdowns during this COVID and this Ukraine war and so many geopolitical situation, some plants get shut down. So, the immediate effect on quantities there and that shoots up the prices.
- Saket Kapoor:** Sir a small point when you mentioned the 300-crore impact, that is net of from the revenue from operations itself?
- V. D. Nanavaty:** Yes. Subsidiary income is a part of my revenue. So, I reduce revenue as well as profit.
- Saket Kapoor:** And sir now coming to the industrial chemical industry product part, the segment has reported negative numbers to the tune closer to 35 crore. So, if you could explain the contribution, which product have and also do we have any inventory impact also, when we look at the volume data on a Q-on-Q basis, that have gone up from for caprolactam, melamine, nylon six, all the products we have sold more, produced and sold more sequentially and we have incurred losses on the same. So, if you would explain the reason and secondly sir thank you for the presentation change. Now, we have the volume data for the preceding quarter also, thank you ma'am for adhering to the requirements.
- V. D. Nanavaty:** Like fertilizer in the IPP, there are still products are IPP linked. So whatever international price changes occur, they get immediately reflected in the next month prices. So there such inventory losses are frequently occurring because if I produce something at a higher cost, and then prices go down, but I don't keep inventory to get better price, I will get something better next month. So, I don't sell this month we don't do like this, so ups and downs in inventory sometime profitable, sometime not profitable. That is infrequent happening in industry, in products. Fertilizers price is at MRP are quiet stable say for if you talk of BAP, BAP price from January 23 are same Rs.1200 per bag and Rs.1350 per bag since last six months or more than six months. And subsidy also remains more or less stable for at least six months. So there inventory loss is for once in a while particularly when the financial year changes or when the subsidiary change occurs, but in industrial product this happening very frequently.
- Saket Kapoor:** Sir, earlier we used to also provide the revenue line item along with the production and the sales but this time, we have in the presentation and in the press release we have omitted the line of the revenue part so kindly provide that, that would give us the realization how's the realizations have shaped up. But anyway sir, just to conclude on the industrial segment, could you provide which product was as contributed to the negative EBITDA and with now, the crude price currently in a declining mode the situation has done more grim for the industrial product segment for the current quarter also?



- V. D. Nanavaty:** Yes, some improvement from October had started but all the crude price coming up or going down in fact the raw material like benzene is a direct derivative of crude. So, if crude goes down benzene also sometimes goes down but, the other finished product like caprolactam there price don't move in line it's crude prices, they are not directly co-related. So, benzene may come down, the production may come down, benzene may go up caprolactam may remain stable, all these things happen. So, most of the major product as you know they hold chemical business not only GSFC all over the country. Chemical industry is not doing well. So, GSFC also is not an exception. So, that was the picture so far. Some improvements have taken place but, not very noteworthy or sustainable kind of thing.
- Saket Kapoor:** Sir in your presentation you have mentioned 1545 as the closing prices for caprolactam as of September, so what are the current price trends?
- V. D. Nanavaty:** It is around 1700 or so.
- Saket Kapoor:** Okay, the prices have moved up from 1545?
- V. D. Nanavaty:** Yes, it has improved in October.
- Saket Kapoor:** Okay. And sir do you have the figure, if you take the breakeven for this 35-crore loss for the industrial segment which product have contributed out of the major three caprolactam, melamine and nylon six if you could give?
- V. D. Nanavaty:** All are contributing to this loss because the nylon six is a further in the value chain for caprolactam so, when caprolactam is costly then nylon six will also be costly in terms of cost of production. So, they go together and melamine also prices are subdued, we sold as high as more than 2,50,000 per tonne last year, or year before last and now it's less than Rs.1 lakh per tonne. So, this keeps happening, hope it will improve in future.
- Saket Kapoor:** These are the nylon six prices; they are currently lower to 1 lakh?
- V. D. Nanavaty:** No, melamine price.
- Saket Kapoor:** So, what are the nylon six prices currently?
- V. D. Nanavaty:** We have so many varieties some 30, 40 grades of nylon and compounding nylon. So, around 1,70,000 to more than two lakh premium grade that is the per tonne price.
- Saket Kapoor:** Last point in the power and fuel mix, you did mention that currently the ammonia prices have moved up or doubled that is in a month's time. So, if you take the raw material consumption and the power and fuel, how are these two line items going to shape up sir going ahead, the major if you break up between for the cost of material consumed, if you could give me percentage wise breakup and how are they trending currently?



- V. D. Nanavaty:** material price, are quite stable they rise little bit here and there. Sulfur prices are also now they are directly derivative crude so, they are range bound. Phosphate prices are also range bound, overall prices are flying within some range, there is no likelihood of major increase in the raw material at least that we use in Baroda that is sulfur, natural gas, spread benzene, sulphuric acid. All those prices are range bound, not likely to increase substantially going forward. Only what we import phos acid and ammonia for Sikka they have gone up high. So that is affecting the Sikka production and Sikka economics. Otherwise, the Baroda things are stable.
- Saket Kapoor:** Okay, sir and for the power and fuel mix the natural gas is the major component there?
- V. D. Nanavaty:** Natural gas is stable so power and fuel as you see there is a reduction in cost. So that will keep on happening and when we set up more solar power plants and all it will keep on coming down.
- Saket Kapoor:** Sir jus to conclusion on the fertilizer part. So, this is the major segment that will contribute both to the top line and the bottom line. So, taking into account since we have taken the reduced subsidiary impact in this quarter and also going ahead since the raw material prices are also on the upward trajectory so, for the first quarter our PBT numbers were 100 crore, the second quarter after taking into impact was 224. So, taking all these impacts, what should, in what ballpark numbers can we expect the fertilizer product segment to behave going ahead for the coming quarter?
- V. D. Nanavaty:** So, right now we don't have the number but Q3 will be little impacted, because as I said input prices are high and subsidies has been reduce. So Q3 will have some impact but hopefully Q4, because government, at present government don't has a real time manner so they have a leg of a quarter before they take any corrective action. So, that will have effect in Q3, but hopefully Q4 normal kind of situation should come.
- Saket Kapoor:** Okay. And going ahead what should we be the quarterly employee benefit expense number sir we have made a 100-crore provision this quarter, what should be the run rate going ahead?
- V. D. Nanavaty:** So, this year 23-24 being the first year of wage revisal it will have more impact, but it will take taper down four year settlement period 23, 24, 25 and 26. From next year it will taper down the onetime expense will not be seen, but we have 656 core employee cost last year for the full year. So, 850 to 900 crore maybe the employee cost.
- Saket Kapoor:** 656 was for the first half?
- V. D. Nanavaty:** For the year 22-23, that was.
- Saket Kapoor:** Full year we had this 1200, sorry it is sorry yes, it is 668. So, this 668 will go.
- V. D. Nanavaty:** Yes, so it will be around 800 crore on a normal year.



- Saket Kapoor:** Okay. First half we have done already 409 crore, so the run rate will be 200 crore quarterly basis?
- V. D. Nanavaty:** Yes, quarterly basis 200 crores.
- Saket Kapoor:** That is significant jump sir.
- V. D. Nanavaty:** Yes, but to run all this whole plant we need to pay a good salary to employees.
- Saket Kapoor:** Thank you sir. So, we can conclude that Q3 will be negative, since the industrial product segment is already in bad shape. And also, the impact of the subsidiary and the raw material input prices since running in reverse direction will impact the profitability for the next quarter?
- V. D. Nanavaty:** Yes, some pressure on margin.
- Saket Kapoor:** So, when you mention sir some pressure, what should be the number, if you have worked out some number, give a ballpark for understanding that this 224 can go to 160, 170 that should be the likely numbers?
- V. D. Nanavaty:** No, really, we don't have worked out the number.
- Saket Kapoor:** Thank you sir. And we hope for the government resolution part to get implemented and how all the board's behave, about understanding the Board takes on the today's GNFC's buy back. And sir on the P205 price sir, what are the current Phosphoric price I missed your number you mentioned mostly September quarter?
- V. D. Nanavaty:** It is \$985.
- Saket Kapoor:** Okay and September quarter end was?
- V. D. Nanavaty:** \$850.
- Saket Kapoor:** Thank you sir and all the best, and we hope that this revenue line item would be included in the presentation. And we will have that, for the next quarter we will have all the three quarters data in the same presentation so that we can do a comparative number easily. Thank you, madam, thank you sir for all the detailed answer and Happy Diwali to the entire team. Thank you.
- Madhur Rathi:** Sir our solar power plant that's coming next year. So, what percentage of our power and fuel cost that will serve us?
- V. D. Nanavaty:** Please, if you can repeat the question.
- Madhur Rathi:** Sir, the solar power plant that is coming up next year. So, what percentage of our power and fuel cost that will help us from the captive solar what portion of that will serve us?



V. D. Nanavaty: This is their 15-megawatt power plant and at 20% PLA factor so it will provide three megawatt of power per hour. So, to that extent some Rs.4, Rs.5 differential cost between utility power and solar power that will be the saving to us.

Madhur Rathi: And sir what percentage of our power requirement will that be?

V. D. Nanavaty: So, right now we use 70-megawatt power, and we are already having some 40% power from renewable sources. So, we will try to increase renewable powers more and more going forward.

V. D. Nanavaty: Yes, thank you for the participation and patient hearing. So, as you all are aware in business ups and downs keeps coming. So, that is what Q3 is representing but, on overall basis company will keep on growing on top line and bottom line. And we'll also be implementing government PR at the appropriate time and so, rewarding the shareholders in different manner. So, thank you for joining and keep association GSFC for a long time to come. Thank you.