



# GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Fertilizernagar - 391 750. Vadodara, Gujarat, INDIA.

CIN : L99999GJ1962PLC001121

**NO.SEC/2021**

**3<sup>rd</sup> November, 2021**

The Corporate Relationship Department BSE Limited 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Bldg., P J Towers, Dalal Street Fort, Mumbai - 400 001	The Manager, Listing Department, National Stock Exchange of India Ltd. 'Exchange Plaza', C/1, Block G Bandra-Kurla Complex, Bandra (East), Mumbai
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SCRIP CODE: **500690**

SYMBOL: **GSFC**

Dear Sirs/Madam,

**Sub. : Disclosure under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.**

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With reference to our letter dated 29<sup>th</sup> October, 2021 regarding Conference Call, post declaration of Unaudited Financial Results of the Company for the 2<sup>nd</sup> Quarter ended 30<sup>th</sup> September, 2021, 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](http://www.gsfclimited.com).

Kindly take the same on your records.

Thanking you,

Yours faithfully,

**For Gujarat State Fertilizers & Chemicals Ltd.,**

*P.C. Bhatnagar*  
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Encl : As above





“Gujarat State Fertilizer & Chemicals Limited  
Q2 and H1 FY2022 Conference Call”

November 01, 2021



**ANALYST: MR. HARMISH DESAI - BATLIVALA & KARANI  
SECURITIES INDIA PRIVATE LIMITED**

**MANAGEMENT: MR. V.D. NANAVATY – EXECUTIVE DIRECTOR FINANCE  
& CHIEF FINANCIAL OFFICER - GUJARAT STATE  
FERTILIZER & CHEMICALS LIMITED  
MR. V.V. VACHHRAJANI – COMPANY SECRETARY -  
GUJARAT STATE FERTILIZER & CHEMICALS LIMITED  
MR. S.P. YADAV – DEPUTY DIRECTOR (FERTILIZER  
MARKETING), GUJARAT STATE FERTILIZERS &  
CHEMICALS LIMITED**



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*November 01, 2021*

**Moderator:** Ladies and gentlemen, good day and welcome to the Gujarat State Fertilizer & Chemicals Limited Q2 FY2022 earnings conference call hosted by Batlivala & Karani Securities India Private Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harmish Desai from Batlivala & Karani Securities India Private Limited. Thank you and over to you Sir!

**Harmish Desai:** Good afternoon and welcome to the second quarter and half yearly earnings call of Gujarat State Fertilizer & Chemicals Limited hosted by Batlivala & Karani Securities. From the management, we have Mr. V.D. Nanavaty – Executive Director Finance & CFO, Mr. V.V. Vachhrajani – Company Secretary. I would like to thank the management for giving us the opportunity to host this call. We would begin the call by opening remarks from Mr. Nanavaty post which we will have Q&A session. Thank you and over to you, Sir!

**V.D. Nanavaty:** Good afternoon everybody. Thank you for joining this GSFC Q2 post results call. I hope you have seen the numbers, as well as our production and sales volumes are uploaded on our website, so you can see if you are not already seen. As you know this quarter and this year more or less has been depending only on the industrial product performance, all the chemical in the country are doing very well so GSFC is also one of them. Chemical segment has posted a very good topline and bottomline. On half-yearly basis, you might have noticed that our profit before tax for H1 has surpassed the full year PBT of last year, last year we have done it in six months period. Going forward, we look forward to still write the numbers.

As far as fertilizer segment is concerned due to high input cost starting from natural gas, sulphur, ammonia, phosphoric acid, rock phosphate so all the input cost are on higher side, so that restricted our production particularly in the Sikka unit so we only manufactured when it was economically viable, otherwise we are not running continuously. Government of India also looking to the situation and create a subsidy rate on PNK fertilizers price during the year apart from substantial rise in May 2021, but still the vicious cycle of rising subsidy, rising input cost is continuing and it is very difficult to take call on production or import of the fertilizers.



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As you may be noting that the phos acid price which was \$1160 has been increased to \$1330 from October 1, 2021, so again this nullifies the effect of the higher subsidy. Some shortages in the country has also been noticed particularly in the Rabi season, but the government is taking stock of the situation and monitoring it closely for pharma scarcity fertilizer at reasonable price and in required quantities, so we see that immediately there is no going to despite from this higher input cost in March end, so till March fertilizer volumes are going to be remain effected and we feel that something like 20% volume decrease in this year as compared to last year on a full year basis.

However, GSFC has got both the segments and we have seen this balancing effect in the past also and one segment is not doing good other segment takes care of the revenue and profit, but accordingly in that case for us it is doing very good. We have started melamine one plant which was closed almost for last two years based on a very good price realization; otherwise its energy cost is high so has to be kept on either mode for a two-year period. Apart from the good industrial product working, there were substantial saving in interest cost because of the good working capital cushion available based on per subsidy that is being paid off y government on a one-time basis and this year also government has been quite regular in payment of subsidy so that helped the managing the working capital with lift borrowing.

On the contrary, we have more than 1000 Crores of fixed deposit vis-à-vis the interest advantage. One good thing is that has happened in the fertilizer segment is that because of the lower volumes for extensive freight, storage, etc., have essentially reviewed and give us the leverage of booking at all those expenses closely and bringing some efficiencies there in between us in future also. As you might have noticed that we have the antidumping duty on Caprolactam has been recommended by the Commerce Ministry and it has gone to Finance Ministry for final evaluation and then notification of antidumping duty coming from various Asian and European countries that will help in improving the topline, bottomline for Caprolactam business.

The project as we said last time are on ammonium sulphate four projects, sulphuric acid, fifth plant, nylon six compounding plant, solar power project of 18 megawatts and urea revamping for meeting the energy norms of Government of India. So these projects are under implementation and company is also considering various projects for that consider in start like NMA project in Dahej for sulphuric acid unit in Sikka and the company is also looking at expanding in melamine as well as coming out with various projects in the Dahej



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land, which has already acquired in the past. The company is on the growth trajectory and we will see the results in days to come.

With this note I now conclude my short presentation and welcome you for the question-and-answer session, thanks.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

**Saket Kapoor:** Thank you for the opportunity. Sir, if we look at the fertilizer segment for the first quarter our sales volume was 4.34 lakhs metric tonne and for the second quarter it was 6.06 more than a million we have done for the first half and as you are articulating that we will be witnessing some reduction going forward so what should be our next target taking into account the inflammatory trend?

**S.P. Yadav:** Good afternoon. This is S.P. Yadav. It has already been explained by our CFO, Mr. Nanavaty, but during H1 we are expecting it to 9 lakhs metric more and our closing volume would be more than 2 million metric tonnes.

**Saket Kapoor:** Sir, come again, I just missed, 9 lakhs for the next second half?

**S.P. Yadav:** Yes, second half, so it will be close to 2 million metric tonnes.

**Saket Kapoor:** And what was our last year volume?

**S.P. Yadav:** Last year it was 26.36 lakhs metric tonnes.

**Saket Kapoor:** Keeping into fact, the price trend increase in the raw material there would not be any dent on the bottomline if we produce less and sell less, it is normally for us as a company because there is an improved realization from the industrial product, so it makes good sense for us not to produce and sell less or fertilizer?

**V.D. Nanavaty:** Because suppressed in fertilizer and sometimes because to give fertilizer to this farmers at competitive rate it is very difficult to meet all they input cost and still maintain MRP even they have higher subsidy, so this year it seems to be better that we have some reasonable volume if we are going full fledged like earlier years, but whatever is a lost as you rightly pointed out it will built up by the industrial product segment.



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**Saket Kapoor:** With this volume drop, this will not lead to any problem with the farmers because their dependence on us or whether there is sufficient stock, how is this math work, when this will be setting less how will this gap be filled up because there should be a requirement of fertilizer going forward in the same proportion has had been in the last year case, so whether last year volume are abnormal or this year reduction will flow through easily, because there is no chance of import also since fertilizer availability globally had become an issue it is our understanding on what we read from the article is correct?

**V.D. Nanavaty:** With the international price fertilizer is available in whatever quantity it is required, there is no problem, only thing is price is high, so now in this kind of a situation 5 to 6 years once in a while it comes, so all back logging event, tenure event get consumed, which used to be there, pipeline was always scaled up with new supplies from the company, so that is not being the answer whatever is there in the pipeline everything is getting consumed, but there will be some shortage, but some demand may get contacted accordingly.

**Saket Kapoor:** If you take the industrial product part, as you told that there are things brighter even going forward, so can you give some more colour on what have been the exit prices for the key products of Caprolactam, melamine, nylon 6 and methanol, what is the exit prices for the month of October for these major products?

**V.D. Nanavaty:** So, Caprolactam price are more or less stable at \$2060, but melamine price is increasing, so now it is more than \$3000, so it is almost double than last October prices, so after Deepavali time we can see some reduction, but as of now for the full month of October it was quite high and nylon 6 prices are also high is Rs.205000, which used to say 175 or something like, so all the prices are on upside and compared to last year Q3 they are much, much on higher side.

**Saket Kapoor:** For methanol, this quarter methanol contribution was also?

**V.D. Nanavaty:** Methanol prices also have increased from Rs.28 to Rs.29 per kg to some Rs.40 to Rs.45 per kg, but with gas prices rising substantially more than rise in methanol price, we have cut down our methanol plant in the month of September because of mismatch in gas price and methanol price, whenever again gas price performs after this winter is over, we will again start the methanol plant.

**Saket Kapoor:** For this quartet there will be no contribution from the methanol segment?



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**V.D. Nanavaty:** So, all that is being taken care by melamine one plant which was stopped since last two years and higher melamine that product pricing for and it will be maintained.

**Saket Kapoor:** Sir, can you give me exit site for September for Caprolactam, melamine, and this nylon 6?

**V.D. Nanavaty:** I will have to see.

**Saket Kapoor:** Sir, during the call you can give?

**V.D. Nanavaty:** We will have to see what was the price?

**Saket Kapoor:** Now, coming to the inflammatory trend, these industrial products prices which have moved up, the factors that have contributed to it, what are the factors that are going to vein down going forward whether there are any new capacities are going to come up globally or how is the consumer going to get effected with these high prices so are these profitability numbers sustainable for the IT segment going forward or what factor that putting them if you could throw some light on this?

**V.D. Nanavaty:** This is a kind susceptible problem when all the problems get piled up all of a sudden at one point of time and this kind of situation arises like logistic constraint and shipping constraint and China's production coming down because of environment and power shortage issues and then Indian demand going up suddenly post-COVID relaxation, so you cannot any capacities in a short-term of 3 month or 6 months period, so people are ready to pay whatever is the price because consumers have also ready to pay higher price for whatever whether they buy car or the buy house or they buy textile, they are ready to pay higher price so the actual users also find it okay to pay better price to us, so this is the situation, but Caprolactam is okay because the crude will not come down so easily so this Caprolactam we see the \$1000 more than little \$1000 spread that we see to be maintained till March end. Melamine will come down a little bit because it is very much heated up, so this is not sustainable for a long period of time, but still nothing will happen all of a sudden everything will happen gradually so till March we will have good profit in the industrial products.

**Saket Kapoor:** On top of what we reported for second quarter, there is a scope of margin improvements even going forward in the current business?

**V.D. Nanavaty:** First quarter used to be better than second quarter.

**Saket Kapoor:** On the industrial side?



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- V.D. Nanavaty:** Yes.
- Saket Kapoor:** Right, we have seen this increase in agri cost also from the government subsidy head from 509 Crores to 913 Crores, so how is this going to impact in the liquidity portion or is this temporary only and going forward this would get liquidated in the due course of time?
- V.D. Nanavaty:** So, as I said the subsidy for agri product have increased substantially as you know for DAC last year it was Rs.10000 per tonne, now it is Rs.33000, so even if my one subsidy for one tonne is pending last year I would have Rs.10000 outstanding, at this time I will show Rs.33000 outstanding which is the numbers have increased all the numbers that is why it shows up like this, but as I said government is paying subsidy regularly, for urea it is already paid subsidy up to October 15, 2021, so that subsidy outstanding of 15 days is pending and PNK fertilizer they have paid up to August, so September, October is pending, because of the high numbers in even PNP products even little bit subsidy blockage shows us huge increase compared to March end.
- Saket Kapoor:** Right, for us the main cause of worry is the power and fuel, the gas prices that are going to affect the business having a more dent, it is not a quick fix for any organization, so what are you seeing in terms of the power and fuel mix that is affecting the margins going forward and our investment in the renewable segment currently, what is our current solar installed capacity and further what are we investing and also update on the new products under the Atmanirbhar Bharat part I think some soluble reversed fertilizer you were talking about and some other product of catch up on that day what is the updates on the same?
- V.D. Nanavaty:** Power and fuel expenditure is higher mainly because of the gas price because lot of power gas generated through natural gas instead of coal or any form of energy, so that is why it is on higher side, so till this winter is over, the gas price is going to remain higher, so this will not come down immediately, but as you know we have wind power capacity of 152 megawatts and already some 11 megawatts of solar power and 15 megawatts of solar power is under installation that will be over in June 2022, so we will have a substantial renewable source of power, it should help in getting the power cost down, but you know power and fuel are together in this presentation, so if the power cost is not high, but since fuel only natural gas is there that is why the overall cost seems to be on higher side, but it should come down after September 2022.





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**Saket Kapoor:** Right and also the tax provision part lastly, why have we made the provisions on the higher base money, so on a profit of 330 Crores it is 104 Crores, so what is the net out go on tax on the profits?

**V.D. Nanavaty:** Now what happens, tax rate is determined on early estimation, so quarter one profit was not so high so we have estimated conservative yearly profit and according tax out go, but with this good profit of quarter two, the early estimation is on higher side, but it will come down in Q3 and Q4, so it is a onetime kind of an impact of lower estimation of profit for the whole year and we saw a higher profit what happens that whatever exemption, income tax exemptions company has that percentage comes down with higher profits in hand so if you say Rs.10 income tax exemption and if you are making profit up Rs.100 then your exemption is 10%, but if you make Rs.200 profit then you exemption gets limited to 5% so then when you make higher profit you have a higher tax outgo because your tax exemption are not so high in that scenario so that kind of situation arises in our windmill and other 80IA exemption with higher profit that in fact gas little diluted, but again to some 35% tax rate including surcharge we all effective tax rate of around 29%.

**Saket Kapoor:** Thank you and all the best. We can conclude that the industrial product segment is going to contribute in a much better in proportion going forward and there will be dent in the fertilizer margins going forward, is that fair assumption?

**V.D. Nanavaty:** Correct, fair assumption.

**Saket Kapoor:** Thank you, Sir.

**Moderator:** Thank you. The next question is from the line of Deepak Chitroda from Phillip Capital. Please go ahead.

**Deepak Chitroda:** Thanks for the opportunity. Sir, I have two questions, first is especially in the subsidy side, how do you see subsidy situation panning out towards the end of March, because as I understand I think government as allocated to roughly around 80000 Crores for the industry and historically if we see that allows towards end of December or so, so how do you see situation coming up in the March this year?

**V.D. Nanavaty:** There may be some difficulty of budgetary allocation in February-March, but unlike earlier years where government was getting into trouble because of the shorter tax collection and shorter income compared to their expenditure, this year they have received a very good tax



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collection in form of GST or direct taxes and there you must be reading their fiscal deficit is the lowest as on September end and maybe historically low so with all this good better income government never intended to delay subsidy, but there have their restriction so they were not going beyond certain fiscal deficit, but with good income in hand I think this time we should not be in a much trouble and we are already in November and as I said for urea they have paid subsidy up October 15, 2021, which has never happen in past and for PNK up to August and some imported PNK they have paid up first week of September, so this indicates that this year there may not be so difficult like earlier year.

**Deepak Chitroda:** Second question is about diversity of RM as you mentioned in their opening remarks especially if I talk about in case of potash because I think PNK is bound to have a production for NPK going forward because I think the price is so far we are announcing any increase because of the contract price, so do you think that, but you said the users will be restricted to also produce some of the NPK grades like 10-26 or 12-32 going forward?

**V.D. Nanavaty:** Yes, right now government focus is on DAP because that is a popular product and potash as you know the official price remains at \$280, but nobody gets potash at \$280, it is already more than \$400 informally; however, since it is not a official price, so the government has also not increased subsidy on potash, so possible that customer restriction on NPK production may come in, of course government has increased subsidy by Rs.2000 for 3NPK grade, because potassium price is also increased, ammonia price also have increased so to broadly compensate 10-26, 12-32 and 20-20, 0-13, these two grades have been given additional subsidy of Rs.2000 from October 1, 2021, so there will be some relief to the NPK manufacturers, but right now government encourages DAP production.

**Deepak Chitroda:** Sir, in that sense do you expect that probably you might get some subsidy package or MRP increase if possible going forward considering the addition spike in RM cost or overall finished product prices?

**V.D. Nanavaty:** No, MRP the government is determined that MRP should remain range down, so farmer should not be burden with higher MRP because of this input cost, so government has been insisting companies to bring in their MRP, rise in MRP and they have increased the subsidy I would say three time during this year one is of course in May as compared to last year and again in July and again from October 1, 2021, so government is trying to see that there is no shortage in the country because companies would find it loss making to make fertilizer, import fertilizer and at the same time farmer should also not be burden all this rise in input



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costs, so government has been increasing the subsidy at the right time so I think this is the situation.

**Deepak Chitroda:** So, basically going forward it is very difficult for the government to give any additional MRP or subsidy going forward probably picked up in that two side, so to some extent I think companies they have absorbed to extend the high cost of production for NPK including BPM?

**V.D. Nanavaty:** Yes, some compromise will have to be made in these three stakeholders in place so sometimes it is better to run the plant instead of keeping it down, so maybe there will be some loses so companies are taking that call and they will call in this regard.

**Deepak Chitroda:** Sure, in that sense what is the situation for our TIFERT joint venture are we getting any quantities of this phosphoric acid now from them?

**V.D. Nanavaty:** Yes, we are regularly getting it from them because they are operating at some 40% to 50% capacity, so we and Coromandel both are getting regular shipment from them and as there is no problem in phos acid, only problem is price so if you are ready to pay the price, supply is not a constraint.

**Deepak Chitroda:** Because till last quarter you were saying that there were some unrest earlier in Tunisia and we were not able to get proper quantities, so I think that situation improve as you rightly pointed out?

**V.D. Nanavaty:** Yes, some improvement is there, still it is not till our expectation because plant should run at 100% capacity, so still it is at half, but now with good PA prices, they also have the intent to run it at higher capacity because as such price \$1330 they can make the huge money.

**Deepak Chitroda:** Sure and Sir, in that sense are we adopting any strategies like yesterday I was hearing the one of the large producers call, they were basically trying to diversify into various products like SSP, or other water soluble or micronutrients and all, so are we planning to do that probably in H2 or maybe that can be our long-term strategy on power?

**V.D. Nanavaty:** We are already in the WSF and of course we do not want to go in SSP, but WSF and other organic and micro fertilizers we are already there and we have good market share and we are expanding, varieties of the product that we manufacture, so that is always there and it is giving good margin also because the price there are not controlled and farmer knows the



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value of this WSF fertilizer, so we are already there, but this is kind of a short-term issue, so once that is over then things will be back to normal.

**Deepak Chitroda:** So in that case also I just want to ask you that what is the status of our expansion plan which we are talking about in terms of increasing the basically setting up the phos acid plant, etc., is there any update in that sector?

**V.D. Nanavaty:** Yes, so because of the COVID and all large capex naturally anybody would like to be cautioned on spending in this COVID situation, so where lot of funds certainty about everything was there so now that is over, now again we are looking at setting up this plant maybe in some modular way, so earlier we used to go for trial and then metric tonnes per day for some capacity so we may go for 600 x 2 kind of thing, so first 600 and then once it is stabilized we may again go looking to demand and all go so for another 600 metric tonnes plant, so company is definitely reviewing this and once firm decision is made we will be announcing it suitably, but we are not going back that is for sure because with kind of price, you can recover all your capex in maybe two to three years time and India is in need of phos acid on continuous basis so while rock freely available I would say phos acid is quite cartel product in this situation it is good that somebody push up this plan for indigenous production.

**Deepak Chitroda:** Thank you very much, Sir and all the best and Happy Deepavali to the entire team.

**Moderator:** Thank you. The next question is from the line of Harmish Desai. Please go ahead.

**Harmish Desai:** Sir, can give the update on the capex for the first half and the capex for the entire financial year?

**V.D. Nanavaty:** As I said, we are doing right now implementing ammonium sulphate that will be fourth plant, we already have three plants, so this will be in 80 Crores capex and it will produce 400 tonnes per day of ammonium sulphate, which right now the GSFC only producing, FACT in the Kerala they are also producing, but sometimes they go off and on, so we are the regular producer of this product, then we have another capex of sulphuric acid, this will be our fifth plant. So it will be around 180 Crores capex and we will produce 600 metric tonne per day of sulphuric acid. This will be used captively for fertilizer production. Then we have nylon 6 compounding for this 35 Crores capex, it will produce 48 tonnes of compounding nylon 6 production on a daily basis. Then we are putting up a 15-megawatt solar plant at a capex of 84 Crores. That will come on stream in June 2022 and then urea



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plants are very old 67 vintage. So we are evaluating them to meet the reduced energy that government is focusing on so that will be 300 Crores capex and this is being done in the live plant, so it is a little slow, it will come in Q4 of 2023-2024 will be commissioned, so these are the things, which are going on or maybe half of the capex will be spent in this year and maybe half will be spent in the next year, so something around 100 Crores to 150 Crores will be this year capex and remaining the next year capex, so another plant at boardroom level is phos acid, sulphuric acid at Sikka that will be 600 metric tonnes phos acid and 1800 metric tonnes sulphuric acid plant. That will be at around 1500 Crores capex and we have another plant to set up MMA that is methyl Methacrylate at Dahej that will also be around 1500 metric tonnes, but these are all under discussion stage at the board level so as and when it is finalized we will announce firm commitment of the company to go ahead and we have a large piece of land at Dahej where we for future also we had a consultant to suggest new products for that also as and when we progress we will be announcing.

**Harmish Desai:**

Understood and so other situation of the RM prices increasing so what do you think of a situation going ahead, the second half of the financial year on the fertilizer side, do you see the situation to continue and what is your expectation of this things?

**V.D. Nanavaty:**

Majority of our raw materials are related to crude so benzene, sulphur, even natural gas is associated product of the crude extraction. At least as far as crude is \$85, this prices will remain at least till March 2022, but natural gas is also related to this winter season where western countries consume a lot of gas for heating purpose so till February that gas price will also remain on higher side and others like phos acid ammonia is used worldwide then they are getting good price in Europe and Brazil, so earlier what used to happen that in India because of volume they used to sell at little less price that is not a situation now so we do not see much reduction is March 2022 something here and there will have, but nothing drastic reduction is going to happen.

**Harmish Desai:**

Sir, do you have any plans for increasing our prices, any action on that and have we taken any price hikes in this particular quarter?

**V.D. Nanavaty:**

Yes, industrial products based on the import parity price as and when international price rise, our realization automatically rises accordingly and for fertilizer government is increasing the subsidy to let the farmer get the price I mean the fertilizer at the same old rate, so government is increasing subsidy to compensate for the input costs rise and whenever there is some product which is economically not viable we are not producing, so we do not see much reduction in margin.



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**Harmish Desai:** Sir, the run rate that we have seen in the first half of the financial year on the chemical segment, do you see this run rate to continue for the second half of the financial year as well?

**V.D. Nanavaty:** Yes, at least Q1 run rate will be there for H2 in totality as you say Q3 is still better, but Q4 may not be so good, so on an overall basis what we saw in Q1 in chemical is sustainable for H2.

**Harmish Desai:** Sir, our expectations from the upcoming Rabi season?

**V.D. Nanavaty:** Demand is good because of late rain and reservoirs in the country are full, so demand for fertilizer is there and according sowing is also good, but on fertilizer side there are some constraints so demand and supply will have to meet at some point in time some reduction in demand, we will have to be there but otherwise supply constraint is already there.

**Harmish Desai:** Sir, this news that we are hearing now about the fertilizer shortage and the people getting into a lot of trouble because of that, so how do you see the situation, is there really that big concern on this fertilizer shortage side and as a company are we countering it?

**S.P. Yadav:** In fact there are major two reasons of this fertilizer shortage, government has already advised all the companies not to increase the MRP of diammonium phosphate, so now diammonium phosphate is just like urea, in phosphatic segment it is a heated product as on date, so farmer is asking only for DAP. On the other hand, due not announcing subsidy on time, fertilizer companies they are not in a position to impose sufficient stock or produce, so this is a major reason. I can tell you, our first point itself, in country which is 15% lower than last year from April to October and past sale is only 6% less than last year, if you see for fertilizer production it is only 1% lower and if we see the stock, the stock is really 60% minus as compared to last year for the period April to October, so this is the major reason, everywhere even cry is there for DAP not for any other grade in phosphatic sector and as far as ours is concerned we are following the instructions of government, we are manufacturing DAP and of course in past we have also manufactured some of the other grades like NPK12 and NPK10.

**Harmish Desai:** That was helpful. Thank you so much and Happy Deepavali to you all.

**Moderator:** Thank you. As there are no further questions, I will now hand the conference over to the management for closing comments.



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**V.D. Nanavaty:**

Thank you everybody. Happy Deepavali to all and as I tell on all post conference calls that keep faith in GSFC, we are in the growth trajectory, but being a PSU maybe we are little slow, but definitely we invest only in the high promising product and high hurdle rate products that gives maximum return in maximum 5 years, we do not go for anything that takes long time to payback nor do we have any goals nor indication to do certain things in any name, so we only work professionally and we will keep working in that fashion only, so we hope we would maintain trust in GSFC and thank you for the patient listening.

**Moderator:**

Thank you very much. On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.