



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Fertilizernagar - 391 750. Vadodara, Gujarat, INDIA.

CIN : L99999GJ1962PLC001121

NO.SEC/SE/TRANS/2024

20th November, 2024

The Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring
Rotunda Bldg., P.J.Towers, Dalal Street
Fort, MUMBAI - 400 001
SCRIP CODE: **500690**

The Manager, Listing Department
National Stock Exchange of India Ltd.
'Exchange Plaza', C/1, Block G
Bandra-Kurla Complex
Bandra (East), MUMBAI - 400 051
SYMBOL: **GSFC**

Dear Sir / Madam,

Sub.: Transcript of the Investor ConCall held on Wednesday, 13th November, 2024

We refer our submission vide letter dated 6th November 2024, wherein the intimation was made that the Conference Call with Analysts is scheduled on 13th November, 2024 from 3:30 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)
Membership No.: A15142
E-mail : investors@gsfcld.com

Encl.: a/a

Ph. : (O) +91-265-2242451, 2242651, 2242751, 2242641

Fax : +91-265-2240966 - 2240119 • Email : ho@gsfcld.com • Website : www.gsfclimited.com

ISO 9001, ISO 14001, ISO 45001 & ISO 50001 Certified Company





“Gujarat State Fertilizers & Chemicals Limited Q2 FY25 Earnings Conference Call”

November 13, 2024



**MANAGEMENT: MR. S. K. BAJPAI, SVP (FINANCE & LEGAL) AND CFO
MR. S. V. VARMA, ED (AB, HRS & IR)**

Moderator: Ladies and gentlemen, good day and welcome to the Gujarat State Fertilizers & Chemicals Limited Q2 FY25 Earnings Conference Call.

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. S. K. Bajpai and Mr. S. V. Varma. Thank you and over to you, sir.

Management: Good afternoon. We are pleased to welcome you all to the Earning Conference Call of GSFC. We appreciate your participation in the GSFC Quarter 2 Post-Results Conference Call. I trust that you must have reviewed our findings and the other presentations that have been posted on our website as well as the Stock Exchanges.

We are happy to inform that your company has achieved a standalone highest ever Quarter 2 PAT of Rs. 303 crores, also the second highest ever Quarter 2 PBT of Rs. 391 crores and second highest ever first half profit after tax of Rs. 395 crores. However, the company’s turnover fell by 13% in Quarter 2 and 6% in H1 on a Y-o-Y basis. The main reasons for reduction in turnover is reduced subsidy rates and lower DAP and urea trading volumes. Our operating margins rose from 7%-11% in Q2 and 7%-9% in H1. The company achieved this performance despite ongoing external challenges in fertilizers as well as industrial product segments.

Subsidy rates for P&K fertilizers fell significantly year-on-year in Q2 and H1 with Ammonium Sulphate falling by 38%, Ammonium phosphate Sulphate falling by 35% and DAP falling by 24%, resulting in reduced P&K fertilizer sales realization. However, the government declared onetime special package of DAP of Rs. 3,500 per metric ton on October 24, which provided much needed support to industry. The government is also prompt in releasing this subsidy and we have received the subsidy up to the second week of October. Contrary to this, cost of its essential inputs, such as natural gas, ammonia and phosphoric acid are on increasing trend. Presently, Phosphoric Acid price has increased to US\$1,060 per metric ton for Q3 current financial year versus US\$948 per metric ton in the Quarter 2 current Financial Year. International prices of DAP have now stabilized in the range of US \$640 per metric ton.

Foreign exchange rate of USD INR is also a cause of concern for the industry. Geopolitical tension in Middle East and Red Sea crisis are causing delay in arrival of vessels of DAP and other input materials. Considering the other factors, cost effectiveness of local phosphatic fertilizer manufacturer is likely to be jeopardized. The company responded by boosting capacity utilization, increasing sales of manufactured products and optimizing product mix in both segments. Fertilizer output went up by 16% to 1.21 lakh metric ton during first half on Y-

o-Y basis. Good rainfall during current monsoon and enhancement of minimum support prices by Government of India for 6 major Rabi crops will enhance demand for Agri inputs in the upcoming quarter. Government is also pushing the industry to supply more DAP, hence the company has finalized the import contracts of about 1.25 lakh metric tons in the upcoming quarter. We are targeting sales in the range of 5,00,000 metric ton in quarter 3 current financial year. In case of industrial product segment, Capro-Benzene spread reduced to US\$620 per metric ton as against the US\$673 per metric ton on Y-o-Y basis. However, the demand of our major industrial product is likely to remain stable to firm during next quarter.

The turnover of industrial products in quarter 3 FY24-25 is expected to be higher than Quarter 2 FY24-25. Commercial production in HX Crystal plant has been commenced with capacity of 20 metric ton per day on 11th October 2024. For Melamine, domestic and export markets are expected to improve during quarter 3 current financial year. Even though competitive imports of Melamine are likely to pose a challenge, the organization is adhering to its strategic objectives with regard to capital expenditures. It is anticipated that Sulphuric Acid V project and Urea II Revamping projects will be operational at end of the current financial year. Further, we are trying for part availability of cheaper solar power from GIPCL after part commissioning of their 75 MW solar power facility at Vatsan Gujarat. These facilities are expected to be fully operational by May next year.

I would like to express my gratitude for your patient, listening to my overview. Yes, we will now commence the question and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nirav from Anvil Wealth. Please go ahead.

Nirav: Sir, I have a few questions. Sir, when we discussed last quarter, you mentioned that since it was the start of the season for the fertilizer, we had to offer some sort of discounts in AS and APS. So, just wanted to understand from you that where those discounts withdrawn by us because our sales volume for both the fertilizers also looks pretty good. So, just wanted to understand from you that what was the situation on the discount that was part A & B, what was the average EBITDA what we have clocked for both the fertilizer grade because earlier you used to guide that for both the fertilizers, on an average, it used to be around Rs. 2,500-Rs. 3,000 a ton. So, if you can just share your views here?

Management: In case of discount, yes, we have slowly reduced the discount over the period as the market started taking the fertilizers. The season was delayed. So, real sale happened late, but now it has been net zero for both the products.

Nirav: So, sir, what was the EBITDA per metric ton for both these grades put together in Q2 of FY25?

Management: It is near about Rs. 2,500 per metric ton.

Nirav: And because now those discounts have been withdrawn, we can see further improvement in quarter 3 because you also guided 5,00,000 tons of fertilizer production in Q3. So, this would help the margins to improve in Q3.

Management: No, we are not certain because the Sulphuric Acid prices and Ammonia prices are going to increase now in the next quarter. So, it is very difficult to predict that same margin will continue for the Q3 also.

Management: And PA prices will also increase, you know that PA price has gone up by \$110 per metric ton that would impact the cost of production. Yes, the market will start responding to this increase and let us hope for the best.

Nirav: So, sir, just to continue here, like, based on the production numbers, what we have reported, I think our quarterly requirement for Sulphuric Acid this quarter was close to 1,75,000 tons. And I think what we are having current capacity is on an annual basis close to around 7,00,000 tons. So, you rightly mentioned that there was an increase in the Sulphuric Acid prices globally and also in domestically. So, does this build up in the prices or increase in the prices of Sulphuric Acid doesn't help us to increase the prices of both these fertilizer grades and how much we are currently buying from the outside market so far as Sulphuric Acid is concerned?

Management: So, as you know, the Sulphuric Acid V project, what we are under construction that will be operational at the end of the financial year as per my opening remarks. So, whatever the deficiency in the Sulphuric Acid for the period from October to March, we have tied up with the other companies as a long-term solution. So, we are receiving this Sulphuric Acid at a competitive price rather than going on this spot and as you know, the spot market is very volatile and is very costly also. So, we have made arrangement of Sulphuric Acid for the six month period till the time our Sulphuric Acid V project becomes fully operational.

Nirav: But the number of 1,75,000 tons of Sulphuric Acid requirement is pretty near to what we have actually consumed in Q2 or the figure is slightly different?

Management: It depends upon the production of Ammonium Sulphate and the Ammonium Phosphate Sulphate at this Fertilizernagar complex and Ammonium Phosphate Sulphate at Sikka, Jamnagar. So, depending upon the production over there and here in Fertilizernagar, we procure the Sulphuric Acid.

Nirav: But then government doesn't allow us to build up those cost increases in our MRP's or let us say the subsidy doesn't go up because what we can understand from you that there are only two players who are producing this and being a critical water soluble fertilizer for the farmers, doesn't this allow us to pass on those cost increases to the customers or to the farmer?

Management: See, we are in the competitive market. We have different grades of water soluble available in the market. Yes, we get the subsidy based on the NBS rates for NPKs and we have to move

that there only the MRP where we function based on competition in the market. So, that is going to remain for all the products which are water soluble.

Nirav: Sir, second question is on, you mentioned that our contracted price for Phosphoric Acid for Q3 was close to Rs.1060 per metric ton. And with the shortage of DAP currently in the market, does it provide a chance for us here to increase the MRP or there is a fair chance that government would increase the subsidy here, so that our per ton margins are not impacted, you mentioned last time that even DAP were making losses at the better level, so if you can help us understand what was the situation in Q2 and how do you see the things forward?

Management: As I told that DAP, in the last interview also the DAP was not a very cost economical thing for us to produce here by purchasing of Phosphoric Acid. So, we have shifted our production to Ammonium Phosphate Sulphate and other NPK grades at Sikka unit. And as far as the requirement of the DAP is concerned, we have tied up with the foreign suppliers for importing the DAP of 1,25,000 metric tons and we will be receiving quarter 3. However, in Q2, if you have heard my opening remarks, one of the reasons of lesser revenue is that we did not incur any trading of the DAP. So, that was one of the reasons. So, that is why our revenue turnover was 13% below on Y-o-Y basis.

Nirav: Because the Rs. 3,500 per metric ton increase in the subsidy was effective October, was Q2 being and still at a loss at the EBITDA level for the DAP?

Management: No, it is effective from 1st April if I am not mistaken.

Management: This 3,500 is effective from 1st April to 31st December 24 and one more circular came from the DoF for compensating the loss if anything due to the import of the DAP that is effective. I think that came from 1st of October and if whatever import we are doing and if there is any loss incurred by the company, then this will be compensated by the government.

Nirav: That is on the trading only, but on the manufacturing side, this subsidy increase of Rs.3,500 will take care of our profits or still the profits are not at the reasonable level?

Management: Profits are not at the level. That is why I told that we shifted already to the APS production in place of DAP. That is as simple as this.

Nirav: And sir, last question from my side is, on the Urea part, how much we are currently losing at the EBITDA per metric ton level. And once that energy conservation measure is implemented, which would reduce our Gcal per metric ton. How much of this EBITDA per metric ton could be recouped?

Management: With regard to the Urea, as everybody knows that the government has not implemented or revised the fixed cost and the fixed cost is based on the company wise for each industry. So, that is the portion because variable cost is being passed through. So, that is the portion which

affects every company. So, ours is also the case where we get hit about Rs. 1,000-Rs. 1,200 per metric ton on the EBITDA side.

Nirav: And this energy conservation measures what we have been implementing or is in the process of getting completed, would this Rs. 1,200 per metric ton would help us to save some of the fixed cost because then our Urea capacity is also going up. So, is there any chance of us recouping some of this EBITDA per metric ton loss?

Management: That will also do some sort of help in respect to covering up this differential. Over and above, government is also in the process of revising that and they have asked for the data of the fixed cost from all industries. So, they are in the process and once they get completed over with that process, they might come up with increase in the fixed cost per metric ton part also. So, that process is all and we have already submitted that data for the same and let us see once they come up with their calculation and finalization of the increase in fixed cost.

Moderator: Thank you. The next question is from the line of Shanmugam, an Individual Investor. Please go ahead, sir.

Shanmugam: My question is slightly on the cost. I see employee costs have short production, sir approximately by Rs. 50 crores. Is there any onetime cost that has an impact or do you expect the same reduction in the coming months as well?

Management: No, this is the onetime cost. Actually what we have provided something because of the pay revision and bonus payment, there were some certain adjustments, but it is not a regular feature. So, it is one type of one time cost.

Shanmugam: There is an entry for Rs. 50 crores, entire is due to that onetime adjustment? Let me put it in this way, can I expect the employee cost in line with the previous quarters? This is Rs. 250 crore in 23 and now 30th September 24, the personal cost is only Rs. 185 crores, is that right?

Management: Rs. 250 crore was the earlier in 30th September 23 when we have made the provision, so that is why this cost was higher in the 23 and now it has been reduced to normal level and which is Rs. 185 crores.

Shanmugam: Now, it is going to be the same in the coming months, am I right?

Management: Yes, that is correct.

Shanmugam: And second cost element, raw material cost. I see that there is a drop by 1.5% on a sequential basis. So, in the initial remarks, I understand that we may not sustain in the coming months here and there. If we look at in different perspective, can we at least stick to 63% of material cost in the coming months or it will be like last year it will be 65%.

- Management:** No problem, but this raw material cost is increasing trend, I guess as I spoke in the opening remarks. Main raw material in Sikka is P₂O₅, Sulphuric Acid and Ammonia. So, both the cost, if you see it internationally, Ammonia pricing and the Phosphoric Acid pricing is in increasing trend. Anyway, the raw material cost will go up and as our production is higher in this quarter, so that is also the impact on the higher raw material cost.
- Shanmugam:** Is there any value in hearing that we can expect and see to sustain this, to offset the hike in the raw material costs in the coming months?
- Management:** It is very difficult to say because in the fertilizer the prices are determined by the government subsidy and the MRP both. If there is any increase in the cost, we have to adjust and we are either going to shift the production of other products or we have to absorb the cost. But we manage this through the product mix changes, so that we are keeping it in control.
- Shanmugam:** That is what I understand from your opening remarks as well. Because of the product mix, we could offset the higher cost. So, in that sense, can we maintain this 11% or at least 10% of EBITDA in the rest of the quarters?
- Management:** It is 7%-8%, it would remain in the same line.
- Shanmugam:** What sir.
- Management:** Sir, you are talking about that EBITDA percentage, no?
- Shanmugam:** No, what I was trying to say, we do expect the raw material cost just in the coming months that we agree and also I understand from you that there are product mix changes that given good improvement in EBITDA. So, the hike in the raw material cost can be offset by your product mix changes in the coming months, so ideally what you achieved 11% EBITDA can be expected in the coming months, am I right, sir?
- Management:** We are not getting clearly what you are asking. See what we have said that we will try to change the product mix to recover the hike in the product cost from the mixed thing and that is the best and lower basis we are doing. So, we are assuming that we will be able to maintain our EBITDA margins in that case.
- Shanmugam:** So, 10% we can expect in the coming months as far as our EBITDA is concerned? Currently, long term 6% is achievement, so even if you look at the hikes in the coming or something, this product mix could help for that and put around 10% can I expect, sir?
- Management:** We are not able to clearly hear you what you are saying. The only thing which we want to say that our endeavors to see that our EBITDA margin is protected with the change in the product mix in spite of increasing the cost of the raw materials and this will be on the best endeavor

basis based on the market demand and supply. So, yes, our full efforts will to see that we at least get EBITDA which we have got in this Q2.

Shanmugam: And I understand there is a reduction in power cost that would, I do appreciate cost management for better management, but you said there still there is a room and there is some policies coming out. From next year onwards, there will be good impact, like maybe in May onwards that is fine. With respect to other expenses, sir, I see it is very neutral. It is fixed in nature compared to last year and our sequential basis. Do you see any average room for cost control on these areas or other expenses? You can drill down couple of elements that contributing more than 50% of other expenses?

Management: What I see here, the other expenses are more or less at the same level, in the quarter and as well as in half yearly basis. Quarterly it is around Rs. 234 crores and half yearly, it is Rs. 443 crores. So, there is no difference and we are maintaining the same level of the other expenditure.

Shanmugam: Sir, my last question, on other income, how much of that portion that comes from your investment, sir. I see the balance sheet, you have a huge investment. If I ask you how much portion that could be related to your investment income out of Rs. 150 crores, I remember. So, correct me if I am wrong?

Management: Yes, it is Rs. 150 crore and most of the things, the other income contents is the dividend received from the other companies and the interest on our excess funds whatever we have parked in the fixed deposit or with the bankers.

Shanmugam: So, the entire income from that investment, am I right?

Management: I cannot say it is investment. It is a temporary parking of funds whatever we are having, whenever it is the subsidy or something like that. So, for temporary, we park the funds and we receive the interest on that.

Shanmugam: In the balance sheet, I remember there is a cash equivalent more than Rs. 2,000 crores in the balance sheet. Am I right, sir?

Management: Yes, maybe.

Shanmugam: So, we have huge cash as ideal, do you have any plans to invest in to improve efficiency or to improve verticals?

Management: Whatever the cash we are having in the balance sheet, it will be used for our expansion project which is lined up as per the investor presentation. Two projects we will be commissioning in the year end. So, Rs. 400-Rs. 500 crores is required to be paid and then after Phosphoric Acid and Sulphuric Acid plant, we are projecting at that costs Rs. 1,560 crores or so and over and

above the Dahej project, we have already got land and that study is going on and we are immediately starting our finalization of which product and project we will be going to install there. And so whatever the money we are having, it will be utilized for the expansion of the project.

- Shanmugam:** Sir, what is capacity utilization as of now for the current year?
- Management:** More than 100%.
- Shanmugam:** So, all these expenses that you are looking for CAPEX will be effected from the next year or not?
- Management:** Whatever CAPEX we are having Rs. 565 crores, it will be required to be paid at the year end and afterwards as per the progress in the project, we would be utilizing the fund.
- Shanmugam:** No, when it will be converted to number, the CAPEX, could be next year and next to January?
- Management:** Yes, because all these projects are for the captive consumption. So, there will not be a direct one to one link Sulphuric Acid V, whatever this Sulphuric Acid produce over there, it will be consumed internally. So, it will be having impact on our bottomline rather than the topline.
- Shanmugam:** Sir, last and final, you said that annual guidance in the last concall, I do remember that volume perspective there will be growth of 20%. Hope that we stick to the same number, am I right, sir?
- Management:** As you said, the growth in that turnover, right?
- Shanmugam:** Volume based.
- Management:** Growth in the volume, if you see this quarter, there was some decrease in sales because of the market condition where in next quarter will be improving the sales. Yes, we are projecting still the growth of 20%.
- Moderator:** Thank you. The next question is from the line of Nirav from Anvil Wealth. Please go ahead.
- Nirav:** Sir, in earlier discussions, you mentioned that put together everything like HX crystal plant and renewables as well as the Sulphuric Acid and Phosphoric plant, our CAPEX was close to Rs. 2,200-Rs. 2,300 crores put together and I guess we have spent close to around Rs. 250 crores till March of 24. So, if you could just walk us through how much we have spent till first half and what could be the numbers we should look for FY25?
- Management:** First half, we have spent Rs. 100-Rs. 150 crores. And up to 31st March second half, we will be spending around Rs. 400-Rs. 500 crores because SA5 and Urea-II revamping both the plants are related to be commissioned in March or up to the end of this financial year. So, mostly all

the payments of final payment will be released up to the current financial year. And as far as this Phosphoric Acid and Sulphuric Acid project is concerned, it is at initial stage, so there will not be any direct impact on the expenditure, but slowly, after the detail engineering and the orders are placed to the detail engineering workers, then after the payment will start because the time period is also mentioned up to March 27, I think.

Nirav: And sir, currently I think based on the production volumes, I think our Phosphoric Acid requirement depending upon the grades we produce is close to around 2,00,000 to 2,50,000 tons in between that. So, how are we currently placed because one that capacity would be commissioned, so before that currently how much we are producing Phosphoric Acid and how much we are currently buying from the market?

Management: Phosphoric Acid is produced at Fertilizernagar, there is no Phosphoric Acid plant at Sikka. What we are having the capital expansion project, the Phosphoric Acid and Sulphuric Acid plant is to be put up at Sikka for meeting the requirement for DAP and other NPK grades of fertilizers. So, presently, there is no Phosphoric Acid plant at Sikka unit. All the material is purchased from the foreign suppliers. As far as the Fertilizernagar complex is concerned, we are getting some Rock from this RSMMS member and we are also procuring rock phosphate from the foreign suppliers and then the PA plant here.

Nirav: Sir how much is our current PA production, sir, if you can share?

Management: In Baroda, it is around 60,000 metric tons per annum.

Nirav: And for that Rock phosphate, what you mentioned, we either import or source something from the domestic market, correct?

Management: Yes.

Nirav: And sir, last question is on, you mentioned last time that Baroda complex consumes close to around 75 to 80 MW of power and like 40% is from renewables. Rest we are currently buying it from the grid. So, has there been any reduction in the grid cost or are we increasing our renewable energy because I think you mentioned that GIPCL is going to commission in June 2025, something close to around 75 MW of solar power plant. So, how the power mix would look like once that supplies from GIPCL commences and any cost reduction in per unit basis, what we have seen from our power buying from the grid?

Management: So, there are two plants we are proposing, one is at Charanka, solar power plant of 15 MW. That plant is commissioned by, I think by the end of this financial year. So, that whole 15 MW we will be receiving for our own consumption, however, GIPCL for 75 MW plant, 50% of the electricity will come to us and 50% will go to GACL, the other partner. So, in case of GIPCL, our share is 37.5 megawatts. So, there must be some power saving because after this we start receiving the power, then we will come to know what is the rate and what is the sort of charges

they are coming. But certainly it is cheaper than the current power being purchased from the grid.

Nirav: And the grid cost is what close to Rs. 10 a unit or it is lesser than that?

Management: It is, I think Rs. 8-Rs. 9 per unit.

Nirav: Sir similarly, if you can also help the power consumption in MW for our Sikka plant and how we are placed there?

Management: Sikka consumption is quite less compared to Baroda unit and presently, we are drawing the power from windmill and second from the grid because Sikka operation depends on the availability of Phosphoric Acid and Ammonia. So, it is very important to how to do this thing. And what are the project power cost you get is the weighted average, so from Sikka and Baroda, both in the balance sheet.

Nirav: But any idea on the total power consumption at Sikka?

Management: 812 MW if it is over 100% capacity, so it is based on the change in capacity as our consumption reduces.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor: Sir, for our Industrial Chemical segment, if you could give us some more color what is the market scenario currently? And I think we were looking to move more downstream products for caprolactam, so where are we in terms of penetrating or improving our product basket?

Management: As you know that the IP segment or chemical market is very sticky, it is still not out of woods and there is very cheap material available from the China or other foreign countries. So, we have to complete the cheaper material and cheaper pricing of the caprolactam as well as melamine in the Indian market. However, we are taking some action. For the caprolactam, we have commissioned this HX Sulphate Crystal plant. So, HX is one of the intermediate for producing the caprolactam, it will go for the production of HX Sulphate Crystal plant and that is 20 metric ton per day capacity and that has been commenced from 11th October. The per annum capacity of both the plants I and II comes to around 10,000 metric tons per annum. So, near about the topline will increase by Rs. 125 crores and being a good margin product, we expect around 30%-40% margin in this HX Crystal field. So, that will reduce the caprolactam availability in the market. So, we will be benefited by this and the new product HX Crystal which is 100% imported presently in India, nobody else is manufacturing. So, GSFC is only manufacturer of this new product. So, being a foot forward for the Atmanirbhar Bharat, so that is a good step that the company is having.

- Saket Kapoor:** Sir, can you come again for the number or what will be our annual savings with this commercial production of HX Crystal plant?
- Management:** Sir, I told the topline will be Rs. 125 crores on per full capacity per annum basis and 40% and Rs. 25-Rs. 30 crores bottom-line will be improved.
- Saket Kapoor:** And when can we see the plants?
- Management:** So, sub segment, whatever we are having the breakeven or some few crores loss that will be wiped out.
- Saket Kapoor:** And when we will be achieving the optimum utilization levels or ramp up how much time it will take?
- Management:** Although we are operating at more than 100% capacity already, the second one is commissioned on 11th October and it is near to 90% or 95% capacity utilization and I am sure in the next month or so, we will be achieving more than 100% capacity in that plant also.
- Saket Kapoor:** Sir, secondly, for the fertilizer segment, I think so with Rabi season buying, I think so in the anvil, what kind of volume growth are we anticipating going ahead for Q3 and Q4 and what should be the trend going ahead since for fertilizer we have more visibility than the industrial product?
- Management:** In case of fertilizer for let us say, Rabi Q3, Mr. Bajpai has said in his opening remarks that we will be sending around 5,00,000 ton of the fertilizers, yes we will be meeting that and maybe surpassing that because Rabi is in full swing now. But from January to March the fourth quarter is always the main reason for this thing, and mostly goes to the stocking levels in field, so it will depend on the prices of PA and Ammonia at that time, how much we produce and how much we put in the stocking at the field level. You have a growth, but we have indicated growth in the volume should be there.
- Saket Kapoor:** And our Rs. 1,500 per ton EBITDA numbers is also, we should hold on to that?
- Management:** Yes.
- Saket Kapoor:** Sir, we have seen the our raw material price trends, employee cost, these things remaining stable and also your presentation also speaks for the same. So, going ahead, do you think that these line items, the vagaries of raw material are now behind us and we can look at these price trends to remain in the similar way?
- Management:** On the international prices of all the raw material is very volatile, as you might have seen, this current crisis, International crisis, war between the countries and Red Sea crisis. So, this may

impact the features in the area of the raw material availability in India and also the pricing. So, it is very difficult to say what way it will go.

Saket Kapoor: But sir, when we look at the key input cost movement, even year-on-year or even barring the June quarter, with most of the imported phosphorus, ammonia, natural gas, benzene prices have remained in a band only. Sir, correct me there, sir when we look at the key input cost movement, slide number 5. So, slide number 5, it speaks in that manner. That was the reason why I came to that conclusion?

Management: This is the slide only depicting the calculation and benzene spread. So, #5 slide of the presentation, so the Capro-Benzene spread and I have told that it has been reduced to \$620 from \$673 year back on September 23. So, Capro-Benzene spread is reduced and let us hope for the best that some improvement will be there in the next quarter or so, but we are not very much hopeful. That is why we are taking this step to divert the caprolactam, reduce the caprolactam production and divert the material for the new product called HX Crystal. And we are also importing direct Anone, so that that Anone can be directly fitted in our caprolactam 1 plant. So, the benzene consumption will be lesser because if you see the benzene pricing, it has been increased to 23% on year-to-year basis for the quarter. So, benzene price is very volatile. In comparison to caprolactam, benzene price is much higher. That is why the spread gets squeezed.

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

Management: Thank you for patient listening and I hope that we have given the satisfactory reply to all the investors who have posed the questions on the working of the company and we will meet again after 3 months after this third quarter in January next year. Thank you very much.

Moderator: On behalf of Anurag Service LLP that concludes this conference. Thank you for joining us and you may now disconnect your lines.