



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Fertilizernagar - 391 750. Vadodara, Gujarat, INDIA.

CIN : L99999GJ1962PLC001121

NO.SEC/SE/TRANS/2025

26th May, 2025

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'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, 21st May, 2025

We refer our submission vide letter dated 9th May, 2025 wherein the intimation was made that the Conference Call with Analysts is scheduled on 21st May, 2025 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.,

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**“Gujarat State Fertilizers & Chemicals Limited
Earnings Conference Call for Q4 and FY ended
31/03/2025”**

May 21, 2025

**MANAGEMENT: MR. S K BAJPAI – SENIOR VICE PRESIDENT (FINANCE
& LEGAL) & CHIEF FINANCIAL OFFICER, GUJARAT
STATE FERTILIZERS & CHEMICALS LIMITED
MR. S V VARMA – EXECUTIVE DIRECTOR (AGRI
BUSINESS, HRS & IR), GUJARAT STATE FERTILIZERS
& CHEMICALS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '25 Earnings Conference Call of Gujarat State Fertilizers & Chemicals Limited. This call is hosted by Anurag Services LLP on behalf of Gujarat State Fertilizers & Chemicals Limited.

From the management, we have Mr. S K Bajpai - Senior Vice President, Finance & Legal and Chief Financial Officer; Mr. S V Varma - Executive Director, AB and HRS and other senior members from the management.

As a reminder, all participants' lines will be in 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 - Senior Vice President (Finance & Legal) and Chief Financial Officer from Gujarat State Fertilizers & Chemicals Limited. Thank you and over to you, Mr. Bajpai.

S K Bajpai: Thank you, ma'am, and good afternoon, everyone, and thank you for joining the Earning Call of GSFC Limited for Annual Financial Results for Financial Year 2025. It is always great to connect with all of you and share the key updates that we have experienced during the period. I hope you had a chance to review the financial results, media release and investor presentation available on the Stock Exchanges that have also been posted on our Company's website.

We are pleased to report a robust financial and operational performance for the Financial Year 2025. If we see consolidated financial result, Y-o-Y basis Financial Year '25 versus Financial Year '24, revenue from operation stood at Rs. 9,534 crores marking a 4% Y-o-Y growth over Rs. 9,155 crores in the previous year. PBT grew by 7% Y-o-Y to Rs. 756 crores while PAT improved by 5% Y-o-Y to Rs. 591 crores.

If you see standalone financial results Financial Year 2025 versus Financial Year 2024, during the current year, our standalone revenue from operation grew by 6% Y-o-Y to Rs. 9,429 crores compared to Rs. 8,932 crores in the last financial year. Profit before tax rose by 11% Y-o-Y to Rs. 740 crores while profit after tax, PAT increased by 9% Y-o-Y to Rs. 573 crores. We see quarterly performance Quarter 4 Y-o-Y. Consolidated revenue for Quarter 4 declined by 2% only Y-o-Y to Rs. 1,922 crores, nevertheless, PBT grew by 239% Y-o-Y to Rs. 89 crores and PAT grew by 194% Y-o-Y to Rs. 72 crores.

In Quarter 4 Financial Year '25, standalone revenue was Rs. 1,907 crores marginally lower by 2% Y-o-Y. Our standalone PBT rose sharply by 251% Y-o-Y to Rs. 77 crores and PAT by 177% Y-o-Y to Rs. 58 crores. If we see quarter-over-quarter means Quarter 4 versus Quarter 3 of the current Financial Year, consolidated picture is like this. Revenue from operation declined 32% quarter-over-quarter with PBT and PAT down by 47% and 46% respectively, primarily

reflecting the seasonal nature of the fertilizer business as Q4 traditionally marked the off-season period.

If you see standalone revenue from operation fell 31% quarter-over-quarter PBT by 49% and PAT by 51% on similar lines. The improvement in operational metrics was achieved by increased production and sales in the fertilizer business. Fertilizer output rose by 15% from 14.29 lakh metric ton to 16.46 lakh metric ton. Sales volume increased from 19.09 lakh metric ton to 19.88 lakh metric ton on Y-o-Y basis, driven by growth in manufactured APS sales which overcame lower DAP and Urea trading volumes. In Quarter 4, Y-o-Y fertilizer output rose from 3.31 lakh metric ton to 3.47 lakh metric ton and sales volume grew from 3.62 lakh metric ton to 3.65 lakh metric ton.

In Financial Year 2025, the Company operated in a challenging cost environment marked by elevated prices of key raw materials including Sulphur, Sulphuric Acid and P₂O₅ along with the steep depreciation of the Indian rupee which collectively exerted pressure on the production and import costs. The Caprolactam-Benzene spread narrowed significantly from \$693 per metric ton in Financial Year '24 to \$578 per metric ton in Financial Year 2025, impacting segmental profitability. Additionally, subsidy rates for P&K fertilizer were lower on a Y-o-Y basis that is Ammonium Sulphate by 28%, DAP by 17% and APS by 19%, further tightening margin conditions.

Despite these headwinds, the Company responded strategically by optimizing its product mix towards higher margin fertilizers and industrial products and improving capacity utilization across key manufacturing units. The softening of natural gas and Ammonia prices in H2 Financial Year 2025 also provided partial cost relief, helping to mitigate the overall impact on earnings.

Looking forward, GSFC Limited enters Quarter 1 Financial Year '25-26 with an optimistic outlook for its fertilizer segment, supported by a favorable monsoon forecast and timely policy interventions by the Department of Fertilizers. The early announcement of revised Nutrition Based Subsidy, NBS rates with approximately 17%-26% increase in support for DAP and NPK fertilizers, reflects the government commitment to ensure adequate availability and stable pricing ahead of the Kharif season.

While the industry continues to face headwinds from elevated raw material cost and constant global supply of DAP and Phosphoric Acid, GSFC is actively aligning its production and import strategies to maintain market continuity. With coordinated efforts raw-mat availability, the Company is targeting sales of approximately 4.5 lakh metric ton in Quarter 1 of Financial Year '25-26.

GSFC remains fully aligned with the national objectives and is working closely with DoF to meet the distribution target set for the upcoming season.

The Caprolactam value is expected to remain under pressure in Quarter 1 also with international Caprolactam prices falling below US \$1,200 per metric ton and Benzene prices remaining volatile.

On a positive note, HX crystal output following the commissioning of the HX crystal II plant along with higher Ammonia trading volumes, is expected to continue boosting IP segment performance. Melamine demand from key sectors, laminates, MDF and plywood remains stable in both domestic and export markets. While passing headwinds from Chinese imports persist, overall demand and turnover for the industrial product segment are expected to remain stable in Quarter 1 next financial year.

Turning to the Company's balance sheet, we continue to maintain a robust financial position characterized by the high net worth to total asset ratio and long-term debt free capital structure. This strong foundation enhances our ability to fund planned CAPEX and absorb external shocks with resilience. Our liquidity position has also been supported by the timely disbursement of the government subsidies reflecting a proactive fiscal approach by the authorities. As of date, the Company has received subsidy payments of Urea and P&K Fertilizers roughly up to the second week of April 2025.

The Company continues to advance its CAPEX plans aligned with the strategic growth road map. First is the 15 MW solar power project at Charanka Patan has been recently commissioned. Urea-II revamping project is currently operating at full capacity, guaranteed test is on the verge of completion and it will be commissioned up to the end of this month. Phase-1 of GIPCL 75 MW solar power project that is 25 MW has already been commissioned, and Phase-2 is expected to go live on 31st May 2025. Once fully operational, GIPCL project is projected to deliver annual saving of approximately Rs. 30 crores by replacing higher cost grid power with economical power supply. The Sulphuric Acid V project and PA-SA projects remain on schedule with the commissioning of SA V targeted for completion in its first half of Financial Year 2026.

I would like to express my gratitude for your patience in listening to my overviews. 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 Neerav from Anvil Wealth. Please go ahead.
- Neerav:** Yes. Good afternoon, sir. Sir, few questions to ask. Sir, first is on the manufacturing volumes of 1.6 million tons, which we have clocked in FY '25 and a growth of around 15% on Y-o-Y basis, so how one should look in terms of overall volumes for FY '26?
- S K Bajpai:** Volume will remain same or it will improve because now we are utilizing Sikka unit capacity at around 60%-70% and further it will be going to improve because of the availability of Phosphoric Acid in stock what we are having and we are also having the commitments from the foreign suppliers to get the Phosphoric Acid at a competitive price. And overall, the government

has also promised us that the Company should continue the production of DAP and if there is any loss the government will compensate the losses. So I don't think we have started the DAP production at Sikka unit at full swing, and it will be continued. However, the government notification is still awaited. But this is the best information what I got.

Neerav: Correct. And sir, in FY '25, we had a negligible production of DAP vis-a-vis the capacity what we have and even the subsidy portion was very volatile in terms of the prices of Phosphoric Acid and the rising prices of DAP in the international market. Would it be right to assume that DAP would have a loss of around Rs. 1,000-Rs. 1,500 a ton in our P&L for FY '25 or is the figure slightly higher?

S K Bajpai: Yes, I told you that this is already there in case the subsidy of 20% around in the DAP with effect from 1st of April. So partly it is compensated, but over and above, if there is any loss then we expect from the government to compensate it. And they are also providing this 4% return on the cost of sales along with GST reimbursement and other things. So I don't think that there is any loss to be booked in the books of the Company.

Neerav: No, sir. I was specifically mentioning for last year.

S K Bajpai: Last year, we had curtailed the production of DAP, and we had only produced minimum quantity. So whatever is the loss, it is Rs. 1,500 per metric ton type of loss what we have suffered, but it is not which hinders the Company's prospects.

Neerav: Got it. And sir, with now you are mentioning about this DAP would be fully compensated to us and you have been starting the DAP production in full swing. Would it be right to assume that for FY '26 that is which is the current financial year we should work with around Rs. 3,000 metric ton of EBITDA per ton for our entire fertilizer business.

S K Bajpai: Yes, because every fertilizer they have shown profitability, but the DAP, if we can say that Rs. 3,000 per metric ton, then this is 4% what government is promising to the Company. So that would be there. I think there is no problem. Overall fertilizer Rs. 3,000 per metric ton will be safer side.

Neerav: EBITDA per metric ton, right?

S K Bajpai: Yes.

Neerav: Correct. Sir, you also mentioned that our Sulphuric Acid plant is going to get commissioned in first half of FY '26. I think initially it was scheduled to start from March, which you have guided last quarter. So with now the availability of Sulphuric Acid would be far better for us and we would have some surplus to be sold in the market and with Sulphuric Acid prices being very strong, how do you see the profitability accruing to us based on your calculations of the outside sales volume for Sulphuric Acid?

- S K Bajpai:** No, I am afraid that we have mentioned anything that it would be commissioned in March or something like that because it is scheduled completion date is only in September second half of the current financial year. So the progress of the plant is as per the schedule, there is no delay, however, there may be 1 month or so here and there. But there is no delay as far as Sulphuric Acid commissioning is concerned. However, having said that, whatever the Sulphuric Acid is required for the production of APS and Ammonium Sulphate, we have tied up with the suppliers and we have made a long-term contract for the full year basis. As you rightly said that the Sulphur and Sulphuric Acid price is quite high in the market, but since it is a long-term agreement we had executed with the suppliers, so there will not be much impact when we are providing the caps on the pricing of the Sulphuric Acid.
- Neerav:** Correct, but it is safe to assume that it would surely add to the profitability in FY '26 on whatever volumes we sell in the outside market?
- S V Varma:** See, Sulphuric Acid is a very volatile commodity, and assuming a price 6 months down the line is really difficult. Yes, if the current trend prevails, it will surely add to profitability.
- Neerav:** Got it. Sir, last question from my side is on the industrial products. I think we have seen a sharp improvement in profitability sequentially even on a Y-o-Y basis, so with prices of most of our products either similar or slightly lower on a Q-on-Q basis, if you can explain the reason for this improvement in profitability, that would be helpful?
- S K Bajpai:** Yes, that is correct because the Caprolactam-Benzene spread is very low if you see. So what we have done that HX crystal plant we had commissioned last year, now it is running in full swing. Both our HX crystal plant is running in full swing, producing around 30 metric tons per day. So around 9000 metric tons per annum we will get in the supply of HX crystal. So that will reduce Caprolactam availability in the market and this HX crystal plant is very remunerative and is quite supportive in contribution level and margins also pretty high. One factor is this and second is that Ammonia trading we are doing, so whatever Ammonia we are importing and if there is any requirement from the current, present local requirement, then we supply the Ammonia so that is also one sector which adds into the contribution of IP segment.
- Neerav:** So is it possible to break it down this improvement between how much would be contributed by this trading of Ammonia, just to get an understanding about a steady state run rate of the industrial product business?
- S K Bajpai:** It is difficult to tear it down, but what I explained to you, the HX crystal is giving the good margin because it is marketing essentially. I would not like to disclose the actual contribution, what Company is getting and Ammonia also the Ammonia pricing internally if you see is very competitive \$330 or so we are getting good margin in Ammonia source and that added into the profitability of the current quarter in the IP segment.

- Neerav:** Sir, last bit from my side. Is it possible to share any outlook on the PBIT margins for the industrial products for FY '26 because they have been very volatile in between the quarters and also on a yearly basis? So with now this HX crystal plant getting operational and working on full swing, is it possible to give some understanding on the profitability of the industrial products for FY '26 given the current scenario?
- S K Bajpai:** Yes, as you see now that currently the Caprolactam-Benzene spread is hovering around \$578. And I don't know whether this will come down further because there is no scope now. So presently Caprolactam prices also going ahead with \$1,200. So it will improve what I see and as you rightly said, HX crystal on full swing for the whole year and any trading of the Ammonia and other products, we will be having a better margin in comparison to the current years that I can say.
- Neerav:** Got it, sir. Thank you so much and wish you all the best.
- S K Bajpai:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vivek, who is an Individual Investor. Please go ahead.
- Vivek:** I was looking into the balance sheet portion. When I look into the shareholders fund, equity, you have mentioned it, in March 24th, the equity was around Rs. 12,610 crores. Surprisingly, we have earned a PAT, the PAT is positive, then how the equity has reduced in fact? The shareholders fund has been reduced. When there is a PAT, it should have increased how it is reduced. Is there any accounting policy according to which it has reduced?
- S K Bajpai:** No, I think that you are telling, whatever the profitability is there we are distributing dividend and other appropriation on the profits and moreover there is investment valuation at every year end, so it is a drastic reduction in the investment.
- S V Varma:** Well, I understand you mean to say that the investment in associates and investment in others you have valued at the market price standing as on 31st March '25?
- Vivek:** Right.
- S K Bajpai:** So that has been reduced by Rs. 963 crores. So this is a very high reduction, but it depends upon the market price of the investing Company.
- Vivek:** That is right. Yes. So my second question was that only that how the investments, you have sold some investments, or the reduction is because of revaluation. So I got my answer that also.
- S K Bajpai:** Because of only revaluation, we have not sold any investment.

- Vivek:** Sir, my second question is whether any news, last time also many investors including me have raised the point about the buyback of shares as per the notification of Government of Gujarat issued in April 23 impact?
- S K Bajpai:** Presently, all the CAPEX expenditure, we have been capitalizing the projects and in the next 6 months, we will be spending around Rs. 600 crores by the CAPEX payments to the Urea, Rs. 453 crores and Rs. 300 crores SA V. So all these expenditures are available for the CAPEX and does not permit the management, I think that any buyback or such thing can be done immediately, but certainly it is a board call and they will think when the position we are comfortable with.
- Vivek:** Thank you, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Ankur Agrawal from ICP Group. Please go ahead.
- Ankur Agrawal:** Hello, sir. Thank you for taking my question. Sir, in the investor presentation for the March '25 quarter, you mentioned that the natural gas price was Rs. 38 per CM and the price of Ammonia was around Rs. 39,000 per metric ton, right, rupees. Just wanted to check isn't importing Ammonia cheaper compared to producing Ammonia using natural gas or just wanted to understand how do you decide importing Ammonia versus producing Ammonia using natural gas because in current scenario it seems that importing the entire amount of Ammonia seems to be cheaper compared to producing it via natural gas. So can you share your thoughts on that?
- S K Bajpai:** Actually Ammonia plant we are having here in Fertilizer Nagar complex. So all Ammonia requirement is made from our own production of the 1350 metric ton per day having this Ammonia IV plant. So we are meeting all the Ammonia requirement from natural gas to be produced natural gas mode and the Ammonia we are producing is consumed in the Fertilizer Nagar complex because there are a lot of Ammonia requirement. However, in Sikka, there is no Ammonia plant, so we have no option to produce also. so we import the Ammonia and Phosphoric Acid for the manufacturing of this DAP and other grade of fertilizers.
- Ankur Agrawal:** Sir, while producing Ammonia from natural gas, isn't it becoming costlier at current natural gas prices compared to importing Ammonia directly?
- S K Bajpai:** No, it is not. The production is still cheaper than the imported Ammonia.
- S V Varma:** Ammonia production also gives carbon dioxide, which is required for Urea production and other productions also, so standalone basis, you cannot consider that Ammonia has this thing.
- Ankur Agrawal:** So in the process, carbon dioxide is also used when you are producing via natural gas?
- S K Bajpai:** Yes.



- Ankur Agrawal:** And sir, from which countries are you sourcing Ammonia and are these long-term contracts and how are they indexed? Is there any indexation as such for these contracts? If you can clarify or provide some light on that?
- S K Bajpai:** We have some long-term MoUs rather than we are not having contracts, but we are floating the tender whenever the Ammonia requirement is there and suppliers are also informing us when they have any Ammonia to be sold. And the pricing is as per the international pricing. So there is no problem. We are getting the regular supply of Ammonia, and our suppliers are meeting to us at the various forum, and we are executing the MoUs.
- Ankur Agrawal:** Are these majorly coming from the Middle East? Is that understanding correct?
- S K Bajpai:** Yes.
- Ankur Agrawal:** Thank you for the clarification, sir.
- S K Bajpai:** Thank you.
- Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. S K Bajpai for closing comments.
- S K Bajpai:** Yes. Thank you for the question and I hope that myself and my team has provided satisfactory answers to them. However, if there is any query or something like that is there, then please contact on the e-mail. We will provide whatever information is needed for having the confidence in Company and Company's Management. Thank you very much.
- Moderator:** Thank you. On behalf of Anurag Services LLP that concludes this conference. Thank you for joining us and you may now disconnect your lines.
