

Gandhinagar, November 12, 2024

Gujarat State Fertilizers & Chemicals Limited (GSFC) is a Fortune 500 company promoted by the Government of Gujarat, having an integrated Fertilizers and Industrial Products complex. The company announced its Q2/H1 24-25 result today, highlights were as under.

HIGHLIGHTS:

- **Highest ever Q2 Profit After Tax (Rs. 303 Cr.)**
- **Second Highest ever H1 Profit After Tax (Rs. 395 Cr.)**

Particulars	Rs Crores				
	FY 24-25		FY 23-24	FY 24-25	FY 23-24
	Q2	Q1	Q2	H1	
Operating Revenue	1,556	1,292	1,775	2,848	2,961
Subsidy Income	1,067	852	1,242	1,919	2,088
Other Income	152	49	195	201	243
Total Revenue	2,775	2,193	3,212	4,968	5,292
Operating EBIDTA @	289	118	215	407	353
PBT	391	118	363	509	503
PAT	303	93	285	395	391
EPS (Rs/ Share, not annualised)	7.60	2.32	7.14	9.92	9.81

@ Excludes Other income.

Turnover fell by 13% and 6% year on year in Q2 and H1, owing mostly to lower DAP and Urea trading volumes. However, YoY operating margins rose from 7% to 11% in Q2 and 7% to 9% in H1, allowing the company to report solid earnings.

The company's achievements occurred despite ongoing external challenges in both segments. Declared subsidy rates for P&K fertilizers fell significantly year on year in Q2 and H1, with AS falling by 38%, APS/NPK falling by 35%, and DAP falling by 24%, resulting in reduced P&K fertilizer sales realization. Meanwhile, costs for essential inputs such as Natural Gas, Ammonia and P2O5 have climbed year on year. Capro - Benzene spread reduced to \$ 620 per MT in Q2 24-25 as against \$ 673 per MT in Q2 23-24.

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% (1.21 Lakhs MT) and sales volume of manufactured fertilizers increased by 1.30 Lakhs MT in H1 YoY.

Capex led Growth Plan:

Ongoing Projects	FY24-25	FY25-26	FY26-27	FY27-28
15 MW Solar Power Project at Charanka	15 MW(AC)			
Urea-II Revamping Project	Energy Reduction			
Sulphuric Acid (SA-V) Project	198 KTPA			
Participation in GIPCL'S 75 MW Solar Power Project	37.5 MW(AC)			
Phosphoric Acid (PA) and Sulphuric Acid (SA) Project at Sikka	198 KTPA PA & 594 KTPA SA			

Commercial Production commenced in HX Crystal Plant with capacity of 20 MTPD on 11th October 2024.

Outlook:

Abundant rainfall during the South-West Monsoon, combined with increased Minimum Support Prices for six major Rabi crops, will drive up demand for agricultural inputs in the coming quarter. However, the high price of phosphoric acid and the growing USD-INR exchange rate combined with the non-remunerative NBS rates declared for H2-24/25 are likely to pose challenges for the country's P&K fertilizer makers. To manage critical stock levels of DAP and NPK in the country, DoF has assigned manufacturing targets for domestic producers, including GSFC. To meet demand, the company intends to supplement fertilizer production with imports and expects sales of 5.0 lakh MT in Q3 24-25.

On the industrial products front, uncertain conditions in the Middle East, along with competitively priced imports, are expected to keep margins tight. However, the demand for our major industrial products from various application areas is predicted to continue stable to robust in the coming quarter, and the turnover of Industrial Products in Q3 24-25 is expected to be higher than Q2.

About GSFC:

GSFC is a joint sector company promoted by Government of Gujarat. Incorporated in 1962, the company is producer of bulk and non bulk fertilizers and chemicals. Its product portfolio is a result of plant integration developed over a period of time. Most products are import substitutes and contribute to saving valuable foreign exchange. It pioneered the manufacturing of DAP complex fertilizer in India, is the sole producer of Melamine HX Sulphate Crystal and amongst the major producers of Caprolactam, Nylon 6 and Methanol in the country.

Disclaimer:

The statements in outlook describing the company's objectives, expectations or projections, may be forward looking and it is not unlikely that the actual outcome may differ materially from that expressed, influenced by wide variety of factors affecting the business environment and the company's operations. The company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

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