NO.SEC/SE/TRANS/2024 **12th August, 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 Tuesday, 6th August, 2024

We refer our submission vide letter dated 30th July, 2024, wherein the intimation was made that the Conference Call with Analysts is scheduled on 6th August, 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

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Company Secretary &
Vice President (Legal)
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Encl.: a/a

“Gujarat State Fertilizers & Chemicals Limited

Q1 FY’25 Earnings Conference Call”

August 06, 2024

MANAGEMENT: **MR. S.K. BAJPAI – SENIOR VICE PRESIDENT, FINANCE AND CHIEF FINANCIAL OFFICER – GUJARAT STATE FERTILIZER & CHEMICALS LIMITED**
MR. S.V. VARMA – EXECUTIVE DIRECTOR, AGRIBUSINESS AND HUMAN RESOURCES – GUJARAT STATE FERTILIZER & CHEMICALS LIMITED

MODERATOR: **MR. ANUJ HALAKHANDI – ANURAG SERVICES LLP**

Moderator: Ladies and gentlemen, good day, and welcome to Gujarat State Fertilizers & Chemicals Limited 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Halakhandi from Anurag Services. Thank you, and over to you, sir.

Anuj Halakhandi: Good afternoon, everyone, and welcome to the first quarter earnings conference call for Gujarat State Fertilizers & Chemicals Limited. The call is hosted by Anurag Services LLP. Present from the management team are Mr. S.K. Bajpai, Senior Vice President, Finance and CFO; and Mr. S.V. Varma, Executive Director Agribusiness and HR, along with other senior dignitaries. We appreciate the management for granting us the opportunity to host this call.

Let's begin with the management's opening remarks followed by a question-and-answer session. Thank you, and over to you, sir.

Management: Okay. So good afternoon to all, and welcome to the earnings conference call of GSFC for quarter 1 2024-'25. I hope that you have reviewed our results, and the other presentations uploaded on our website and the stock exchanges.

As you know, the company experienced a significant rebound from the subdued results of previous quarter, posting increase in PBT from INR23 crores to INR118 crores and taking PAT from INR21 crores to INR93 crores in the current quarter. This increase is attributed to a robust fertilizer volume of 4.46 lakh metric tons in current quarter and the optimization of product mix at Sikka Unit in accordance with cost economics of raw material prices and subsidiary rates.

During the quarter, we partially switched from DAP to APS and NPK production at our Sikka Unit. In current quarter, we have achieved the second highest sales in last 15 years, first quarter, that is INR2,144 crores. Fertilizer sales increased by 7% in value terms on Y-o-Y basis and fertilizer sales volume witnessed growth of 30%, though the margins were under pressure. We anticipate that this trend will persist in future also.

The acceleration of Kharif cultivation has been facilitated by the favourable rainfall that is being experienced this year. Improved seasonal prospects are expected to maintain the robust demand for fertilizers during forthcoming quarters. You may be aware that the government reduced the subsidy outlay for fertilizers approximately 13% in the current year budget against the previous fiscal.

However, government has been very prompt in releasing the subsidy. For P&K fertilizers as well as urea, we have received subsidy up to the first week of July. The same is reflected in our cash flow, as you know that we are a debt-free company with a strong balance sheet and healthy liquidity.

Subsidiary rates for P&K fertilizers are significantly reduced during October 2023. The trend has persisted for DAP and AS while APS and NPK have experienced a modest increase. Contrary to this, the prices of basic materials have not reduced in the same proportion. While ammonia prices have decreased, PA prices remained steady at $850 per metric ton. Further, Benzene and NG prices have actually increased on Y-O-Y and quarter-over-quarter basis.

The company plans to follow production with mix of DAP and non-DAP products at Sikka Unit to optimize costs and maximize sales. Although caprolactam and nylon 6 were subjected to annual shutdown in quarter 1 current financial year, industrial product output remained consistent.

In IP segment, domestic prices remained subdued due to dumping of cheap Chinese caprolactam, melamine and basic nylon 6. Capro-benzene spread on Y-o-Y basis reduced from $730 per metric ton to $582 per metric ton. Nevertheless, we anticipate that overall Industrial Products turnover is likely to grow as compared to the current quarter.

Project details are also uploaded on our website. All projects are progressing well as per the schedule except few months delay in HX Crystal Project and Urea Revamping Project. However, we will be commencing HX Crystal, Sulphuric Acid Project and Urea Revamping Project up to the end of this financial year. Full year impact on turnover, margins will be seen in the next financial year.

So with these opening remarks, we can now start the question-and-answer session, please.

Nirav: I have a few questions. So first is, in the last interaction in the last con call, you have mentioned that for the ammonium sulphate fertilizer, we have to offer some discounts. And that was because of the leaner season. And on the top of it, from April onwards, government has also increased the subsidies.

So if can help us explain whether those discounts of INR2,000 per ton, which we have offered last quarter was withdrawn and there was a normalized pricing and over and above that, that INR15 increase in the subsidy would have helped us in terms of the improved performance? And along with it, if you can also help us explain that was the improved performance because of some benefits coming to us in terms of the raw materials, especially the natural gas was converting to ammonia?

Management: Yes. So as far as ammonium sulphate is concerned, the increase in subsidies with effect from 1st April is very minimal. I mean this is on the -- I think there is no increase in -- only in the NPK and APS, there is increase in subsidy in April. So there is no increase in the ammonium sulphate.

And as you know, the DAP and other NPK grades of fertilizer is not having that favourable margin and contribution. So most of the fertilizer companies are now scouting for the ammonium sulphate. Only in India, we have only 2 producers, GSFC and FACT, but they have a certain import these fertilizers companies are meeting, and they are selling it in the open market.

So as far as discount is concerned, Mr. Varma our marketing head will focus on this. Nirav, yes, see the market of ammonium sulphate last time what we indicated a discount of INR2,000 per metric ton has been softened a little bit because we wanted a change in MRP also of the product based on the cost of production. So some sales got reduced to certain extent based on that thing.

However, again, this first quarter is the lean season. It mainly starts in -- at end of June or July for pushing of the sales. So for placement, we have to offer discounts. As Mr. Bajpai has stated, there is no change in the subsidy of ammonium sulphate, but there's slight increase in subsidy of APS but reduction in subsidy of DAP.

So market has diverted towards NPK fertilizers like APS mostly. And this time, as we pointed out the -- our sales of the APS were the highest because at Sikka we could produce APS, NPK at capacity levels due to availability of raw material, economics and demand also in the market. But in case of DAP, it was a lesser capacity because of economics -- this thing and raw material because you need higher phosphoric acid for DAP. So it is constant many times because we are 100% depended on the import.

Nirav: Correct. Correct. So sir, like if we consider in terms of the ammonia what we produce through the natural gas vis-a-vis the imported ammonia where the government uses that benchmark for the subsidy calculation, has our cost of production of ammonia fallen this quarter? Or if you can get us, explain what was our average cost of natural gas for Q1? And what was it for Q4?

Management: See, just one thing before Mr. Bajpai answers. In case of phosphoric acid, we have NPS rates, so in case of urea, it's not the NPS rates. So cost of ammonia really impacts on the NPK fertilizers mainly like DAP, APS and other fertilizers. In case of Sikka, we are importing ammonia. So this question doesn't come. It comes only in case of Baroda unit where we have a capacity of NPK production compared to Sikka.

So as you see, the natural gas prices are increased 6% on Y-o-Y basis. And in case of urea, the whole natural gas prices are passed through. So there is hardly any impact on the margins of the company. Very little ammonia goes to the -- in the production of melamine through urea and in the caprolactam. So that much increase or that much impact of the increase in natural gas is not seen in our total profitability.

Nirav: Is it possible to give us the exact amount of our natural gas cost per SM^3 this quarter?

Management: I think it is INR45 per SM^3 in the current quarter.

Nirav: Okay, okay. Sir, if we see our entire basket of fertilizer, let's say, sulphate and ammonium sulphate phosphate, DAP, NPK and the urea, what broad range of per ton margins we should work with, let's say, for ammonium sulphate and ammonium sulphate phosphate as a basket NPK and DAP put together and, let's say, for the urea? Let's say if we segregate between these 3 divisions or 3 subsegments, what sort of per ton margins we should work with? Or what the current level of margins what we are earning from these key subsegments?

Management: We're talking about the average margins, it is nearly INR2,000 to INR2,500 per metric ton. However, as I told that in the DAP, there is no margin available, even the contribution is in negative, so in other fertilizers, the average margin we are running INR2,000 to INR2,500 per metric ton.

Nirav: Okay. Similar is the case for urea also there because of the under recovery of fixed cost, the margins are lesser?

Management: Yes, in the urea, the margins are really lesser because of the higher energy consumption by the GSFC and there is some penalty also attached to it. So in urea, the margins are lesser than this.

Nirav: Got it. Got it. And sir, when we will ramp up our phosphoric acid production along with the sulphuric acid plant where our dependency on imports would start reducing? Would it be safe to assume that like before 3, 4 years when the margins were good, we used to produce around 7 lakh tons of DAP plus NPK put together. So once this plant is -- plant will be commissioned on -- the margins which are currently, let's say, 0 to negative for DAP, would start giving us the positive margins and along with it, we will also see the volumes of DAP, NPK also picking up, your take on the same?

Management: Nirav, see, there we have two manufacturing facilities, one at Baroda and one at Sikka. In case of Baroda, we have our own phosphoric acid plant and one sulphuric acid plant, which is running at capacity, and we are able to produce required phosphoric acid at smaller plants. In case of Sikka, we are still dependent on imports. We are working on the project, but it's not an immediate thing. It will be a short-term basis, two to three years' time gap.

Nirav: Okay. So that plant, which you have highlighted in the investor presentation also, in terms of our phosphoric acid capacity of 198,000 tons and sulphuric acid of 594,000 tons, that would take two to three years to get commissioned. Is it where I should interpret it on?

Management: Yes.

Moderator: The next question is from the line of Saket Kapoor from Kapoor Company.

Saket Kapoor: Thank you for a very detailed opening remark also that answers many of the questions. Sir, when we read about this outlook part in your investor presentation, you have mentioned about market anticipation of increase in NBS subsidy. And thereby, we are accumulating sufficient inventory of DAP for the forthcoming Rabi season. So if you could just explain to us on how are the margins going to be affected by this strategy? And if I'm not mistaken, you mentioned that we had negative margin for selling DAP for this quarter, sir?

Management: Yes.

Saket Kapoor: So how will this work out for us? And what should be then the optimum number going ahead for DAP in terms of margin profile?

Management: Actually, there are three production lines in the Sikka unit. One is producing DAP and which we cannot change. And other two lines are interchangeable, either we can produce NPK, APS or DAP. So now presently, we are producing only one -- in one line, DAP and in other two lines APS and NPK. So we have not stopped the production of DAP because of this little negative contribution because at any time, there is buzz going around that the DAP subsidy may increase a little bit.

And also in the interest of the market, we cannot stop the DAP because DAP is in good demand and there is a lot of pressure from the government side also to make DAP available to the farmers. And GSFC like company will never see only the profit motive, we produce and make available the required fertilizers to the farmers. So we have never stopped the DAP or never stopped the DAP actually. Now the season has started, and we have placed these material on the market. Now as soon as the rain -- now the rain has started, and the farmers will come to the shop, and we will start selling the products where this is available.

Management: Mr. Kapoor, just to answer your specific question, how do you think about the NPS rate. If you see there -- on the archives there was news about increasing the subsidy by INR3,500 per metric ton for DAP. And from the government, still notification is awaited. With this increase in the NBS rate, DAP will not be negative. It will be just breakeven. So whatever we have been done is right for the farmer community and we are using a mixed approach for producing APS, NPK and DAP, all three at Sikka Unit.

Saket Kapoor: Sir, can you quantify the impact of -- the negative impact it has for the quarter, the DAP sale on the bottom line? And then, sir, if you could give some color on the raw material basket, how are those shaping up going ahead?

Management: I think in the current quarter, we see that there is a dent in the bottom earning amounting to INR42 crores approx.

Saket Kapoor: Okay. So this will be negative for the next quarter?

Management: Yes, negative.

Management: Negative.

Saket Kapoor: And sir, you mentioned about some energy efficiencies loss due to some lower energy efficacy, we have to pay some fine also for the Urea unit. So can you quantify that amount also?

Management: No, amount is difficult to quantify because it has only provisioned that 35% penalty this year. They will impose and we have already requested the government to reduce it up to the level what it was earlier 30%. But let us see how the government reacts. And we are already putting INR450 crores for revamping of Urea II plant. So this will be commissioned in this end of the financial year only.

So we are representing the government that this is the last year so don't penalize this further. And anyway, we are putting this capital outlay of INR450 crores for this purpose only. So there is no reimbursement from the government for this investment. So I think they will consider our case.

Saket Kapoor: No, sir. Like you said, you have done a provision. So we have made the provision to the P&L route only?

Management: No, there is no provision made. I have not made any provision for this penalty. So it will -- when it will come, then we'll decide. But in our system, that is already inbuilt whatever the energy consumption is there. So higher energy consumptions means the higher cost of production. So it is passed through by the government.

Saket Kapoor: It will be?

Management: Passed through by the government, I think.

Saket Kapoor: Okay. So we will be receiving back all the under-pricing, which what we have done for -- the entire subsidy will be released to us or there will be some dent on sales of urea on account of this energy norms that specification not been matched?

Management: Our energy consumption, even after kind of taking into consideration the penalty, is lesser than that. So over -- if you look at in the contract, we get from the government a saving margin also because if we say that after the penalty, done not becomes 6.74. And if we are at 6.6, that's 0.1 also we get it. I'm just giving you a hypothetical example. So we get savings from the FICC also. So, there is no impact with respect to the penalty.

Saket Kapoor: Okay. So sir, I just got confused. And if there is no reason for that escalation, then why is it -- why are we discussing about the fact that we were looking for waiving of the penalty going ahead? Can you just explain once again, sir? I mixed it up?

Management: It's not about waiving of the penalty we are just requesting about because earlier the penalty percentage was lesser. So they have increased it. So we were just asking them to keep it at the same level what it was earlier. But the point which I -- there's two points this year, I think. The one is that even after considering the penalty which the government have put in, we end up in the – the GCAL figure which comes up is lesser than what after penalty that GCAL government put so far. That's the one point.

The second is with respect to coming of the new plant of the urea which is preventing and that will automatically reduce -- automatic in the test after making this effort to reduce our energy consumption, so that penalty issues would go up. So these are the two different points which you are missing.

Saket Kapoor: One suggestion. In the presentation in slide number 5 and 6, so therein, we have given the capro-benzene trend also and the key input cost movement. So, this is a very important data. If we could provide it in a tabular manner, that would suffice much better than the graphical part because there's a color mingling. And the one -- to get the numbers correctly, we have to get it on a tabular form. So, if I request if the key input cost movement can be put on a tabular basis on a comparative quarter-on-quarter basis, that will be helpful.

Management: Noted.

Saket Kapoor: And last point, sir, just to get an understanding. Mr. Nanavaty is not present in the call. Any key reasons?

Management: He's retired from the service of the company, and I am S K Bajpai has taken over the role as the CFO of this company.

Saket Kapoor: Sir, may I ask some more questions about the industrial chemicals segment and then join the queue?

Management: Yes, yes, please.

Saket Kapoor: Sir, on the performance for industrial chemicals, that looks much depressed. And also with the Chinese import, part of the story getting momentum. The story going ahead for us in the industrial chemical looks bleak only, sir, going ahead?

Management: It is -- presently, if you see the whole chemical industry internationally, it's sluggish and not very effective. So as you are seeing that in our presentation also, the capro-benzene spread accounts down from INR730 crores to INR673 crores, then INR582 crores, then INR695 crores, and presently, it is around INR582 crores. One good thing is there that in the July, it has improved a little, and it has gone up to INR638 crores, but there is hardly any impact of this increase. And we are still having a negative contribution.

But we are seeking some new step for -- to tackle the situation that we are putting one HX Crystal plant, as you might have seen in our presentation. Yes, it is manufactured from the derivative from the caprolactam. And by this way, our old caprolactam having capacity of

20,000 metric tons will not produce there, and we will be diverting it to HX Crystal plant. So there, the profitability and margins are quite good. So it will improve the IP segment.

The second thing what we are thinking is that we are importing the cheaper Anone and trial has already been done an we are using imported Anone, in place of producing the higher Anone cost from the benzene because benzene prices have been risen like anything, there is 13% increase on Y-o-Y basis. So that's two step presently, we are taking, and I hope that there will be some impact on the next quarter or up to half year also remaining this year.

Saket Kapoor: And sir, what would be the capex we will be spending on the project, the crystal?

Management: So in this year, we will be capitalizing the project amounting to INR1,000 crores. Three plants are under the capitalization or in this particular financing year only. One is HX Crystal plant. Then second is sulphuric acid. That is subject to plant of the sulphuric acid. We are looking for putting at Fertilizernagar. Third one is the urea revamping. And fourth one is power -- solar power plant. This solar power at Charanka, solar power plant, urea and sulphuric acid it will increase efficiency or reduce the cost of the company because it is capital consumed. Our HX Crystal project plan, that will be produced at -- that will produce HX Crystal, and it will be sold in the market. It will generate INR100 crores revenue and a good amount of margin.

Saket Kapoor: For this HX Crystal project, what are the capex next year? And how much we will out this INR1,000 crores...

Management: INR100 crores.

Saket Kapoor: We are spending INR100 crores.

Management: Yes.

Saket Kapoor: And the turnover will be also onetime?

Management: Yes.

Saket Kapoor: And this is a downstream product for Caprolactum?

Management: Value-added product. It is forward integration of the Caprolactum chain.

Saket Kapoor: Okay. And other than that, about the Melamine part and other chemicals, industrial chemical basket, there also the same trend continues? I think the lion's share is from Caprolactam, the revenue profile for IP. If you could give us some understanding of the various products.

Management: Various product is Melamine. But Melamine is also not doing great. And there is a lot of cheap materials coming from the -- China. So we are not getting much of the margins in the Melamine, and we have sold on a lot of discount to meet the IPP base price of the Melamine. So overall, IP product or the IP segment this year, if you see the segment, we have reported INR4 crores loss in the IP segment. So there is hardly any margin available in the product, and that's why we are taking such an innovative step to cut down the cost and make the IP segment profitable.

Saket Kapoor: Right. And lastly, sir, for this Nylon-6 part also.

Management: Nylon-6 there are 2 compounding lines, and we are doing the production. However, the imported Nylon-6, as I told, from the China is cheaper than the -- our production for Lactam and then the basic chips. So we are also importing the Nylon-6 kit basically and mixing it with our chips and making the various chips in the compounding line. So that will again reduce the cost for this chips, and it will provide a better margin and the contribution.

Saket Kapoor: Sir, we are providing volume performance, by the site, we can also foresee the turnover also. That will give an understanding how the realizations have been for the quarter and the comparative number?

Management: We have provided collectively sales and sales value and the quantum of sales also. If you see our Slide number 4, you will see production and sales. So this is the quantum of the product, the quantum of the quantity produced and sales.

Saket Kapoor: Right, sir. But I'm looking at the realization part also, sir. You are providing volume metric part. But on the realization front, if you look at the capital at term sales of, say, closer to 14,000, how much has been our realization and the comparative number, that would give us an indication of what are the current realization.

Management: This is some price, I would say. Gently, the management is thinking that, that would not be fair because it is required and then it will go to the completers also. So that's why we are not giving the product-wise pricing.

Saket Kapoor: Sir, last point is taking into account how we have fared for the first quarter and the factor of the variables that you people are working with, what should be -- the investors should model in for the remaining part of the business? Because I think it's a very volatile environment for IP, but the corrective measures which you are already taking into place and the one-off item which will not be there, so taking that into account, what kind of margin profile can we do for the Fertilizer business? And I think the IP would be a difficult one.

Management: Fertilizer business, the margins are more or less same. Until and unless there is any subsidy revision, I don't foresee any changes in the raw material prices presently. As you see, the DAP prices has crossed $600. So I don't think the phosphoric asset will be available any cheaper. So there is hardly any margin.

Only these volumes will create a total margin. How much quantum of sale by the better product mix we can make in the margin, as I told in the opening remarks, that will generate the margin for the Fertilizer sector. As far as IP segment is concerned, I've told that we are taking a step, and it will show some -- it should show some positive results in the next quarter or next to next quarter.

Saket Kapoor: But this should be a bottom-like situation also. Things should not turn worse from here because we have...

Management: Definitely. We are taking all these steps. And as I told that all these things are in the very forward-looking, and it is -- plans are not completed. So we are importing like alone, or we are stabilizing this. We are having one plant of the is HX Crystal. So we know how it operates and who are our buyers. So all in all, there is a very -- positivity we are looking at, and we are very hopeful to get better results in the Q2 and Q3.

Saket Kapoor: And on the gas pricing, sir, I missed your comment. What types are we securing, the gasses?

Management: Gas is already fixed by the Government - as far as Urea is concerned, so whatever the domestic prices are there, it is allotted. It is pass through. So there is hardly any impact. And energy prices are stable now, INR45 per SM^3. So I don't foresee any much deviation in the natural gas prices.

Moderator: The next question is from the line of Nirav from Anvil Research. Please go ahead.

Nirav: Sir, one thing, when we will undertake the energy conservation measures for our Urea plant, I think our current consumption is close to 6.5, 6.6. And once that is implemented, it will fall below 6 Gcal per metric ton. What sort of total improvement in the profitability starts accruing to our Urea business once that energy conservation measures are placed into?

Management: No, actually whatever the curtailment in the energy norms by 0.6 Gcal, so it will be within the targeted amount by the government of India. That is the purpose for revamping Urea plant. And the government is focusing that it should be around 5.9 or something. So after 0.6 reduction in Gcal, we will be meeting the norms, prescribed by the government.

And second, that Urea plant is very old 60-year-old plant. So there is also a lot of inefficiency in the system and production process. So by implementing this, we will be increasing the capacity of the plant from 800 to 1,123 metric tons per day. So that is the advantage we will be having, additional production of around 323 metric tons. So that will be coming by way of additional margin and profit to whatever you get in the mix.

Nirav: But sir, based on some rough understanding with this increase in the production and currently whatever losses we are making off because of the higher energy usage, what sort of ballpark numbers we should work with in terms of the improvement in our per tons margins for Urea?

Management: We have not just calculated per ton margin but when we approved our project, of this urea revamping, I Remember that around INR30-odd crores will generate in the Urea revamping project.

Nirav: Okay. And sir, I missed on the increased capacity, what you mentioned on -- capacity is going to increase from how much to how much?

Management: 800 to 1,123.

Nirav: TPD or it is 1,000 tons.

Management: Yes.

Nirav: Okay. Sir, second question is on -- you mentioned on the capro-benzene spread is being lower, and we are even losing money at the contribution level. At what level of spreads we could break even in terms of the capro-benzene as well as for let's say, melamine? If you can give some understanding that would be very helpful.

Management: It will be difficult to predict but I think it is $700 odd figures, $725 or so from the extent that will make the breakeven from the caprolactam. And for melamine, we are generating the positive contribution. However, there is a margin loss. So there is no problem as far as the melamine production is concerned. We are generating the contribution and that's why we are continuing the plants.

Nirav: All right. So 725 would cover our variable cost? Or it will also cover our fixed cost?

Management: No, only variable cost.

Nirav: Okay. And what levels of fixed cost we should work with for the capro plant as well as for the melamine plant?

Management: Fixed cost is already fixed so we do not calculate like this. Whatever the fixed cost is there, so we are generating the losses whatever melamine is generating the profit. It is compensated with negative margins of the caprolactam. So that's why the IP segment is getting only INR4 crores loss. So that is the idea we can get that whatever the fixed cost is generated it is breakeven at this level.

Nirav: Correct. So let's say put together capro and melamine, is it safe to believe that our fixed cost won't be higher than $100 a ton? Is it a safe understanding to make? Or probably it could be some notch higher than the $100?

Management: It must be higher than the $100.

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

Management: Okay. So thank you for the patient listening. And I hope that we could have given you the satisfactory replies up to our best possible manner. And I once again thank you to all the participants and we will see you in the next quarter. Thank you.

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