Gujarat Narmada Valley
Fertilizers & Chemicals Limited
CIN : L24110GJ1976PLC002903
An ISO 9001, ISO 14001, ISO 45001 & ISO 50001 Certified Company
P.O Narmadanagar - 392015, Dist. Bharuch, Gujarat, India
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No. GNFC/Transcript/LODR
November 06, 2026

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Symbol: "GNFC"

Dear Sir / Madam,

Sub.: Transcript of Investors / Analysts meet through Conference Call.

We have vide our letter dated October 17, 2026 intimated the Stock Exchanges about the schedule of Investors / Analysts Meet through Conference Call scheduled on Tuesday, November 03, 2026 at 04:00 PM (IST).

We send herewith a copy of Transcript of Investors / Analysts meet through Conference Call which took place on Tuesday, November 03, 2026 at 04:00 PM. The said transcript along with the audio is also uploaded on the Company's website i.e. www.gnfc.in

We request you to kindly take note of the above.

Thanking you.

Yours faithfully,
For Gujarat Narmada Valley Fertilizers & Chemicals Limited

RAJESH PILLAI
Digitally signed by RAJESH PILLAI
Date: 2026.11.06 15:44:36 +05'30'

Rajesh Pillai
Company Secretary & Compliance Officer

Encl.: As above

“Gujarat Narmada Valley Fertilizers & Chemicals Limited

Q2 FY27 Earnings Conference Call

November 03, 2026

MANAGEMENT: **MR. D. V. PARIKH – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER – GNFC**
MR. NITIN PATEL – EXECUTIVE DIRECTOR – GNFC
MR. P.K. PUROHIT – EXECUTIVE DIRECTOR - GNFC
MR. RAJESH PILLAI – COMPANY SECRETARY AND COMPLIANCE OFFICER – GNFC
MR. NIRMESH DESAI – HEAD, MATERIAL MANAGEMENT – GNFC
MR. TEJASH SHAH – GENERAL MANAGER– GNFC
MR. VISHWANATH BIRADAR -ADDITIONAL GENERAL MANAGER- GNFC

Moderator: Ladies and gentlemen, good day, and welcome to the Gujarat Narmada Valley Fertilizers & Chemicals Limited, GNFC, Q2 and FY27 Earnings Conference Call. This call is hosted by Anurag Services LLP on behalf of GNFC Limited.

From the management, we have Mr. D.V. Parikh, Executive Director and Chief Financial Officer; Mr. Nitin Patel, Executive Director; Mr. P.K. Purohit, Executive Director; Mr. Rajesh Pillai, Company Secretary and Compliance Officer; and other senior members from the management.

As a reminder, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask a question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand over the conference to Mr. D.V. Parikh, Executive Director and CFO from GNFC. Thank you, and over to you, sir.

D.V. Parikh: Thank you, ma'am. And thank you, Anurag Services, for organizing this call.

Good afternoon to the moderator and all the participants, investors, prospective investors, and analysts. GNFC welcomes you all to this conference call. Joined along with me are two other gentlemen, one from fertilizer marketing and one from industrial product marketing. They will take your questions related to marketing. The quarter two results, investor presentation, press release, among other things, have already been shared yesterday in the public domain.

I'll first start with the business overview and then go to financials. Business in general is witnessing times of resilience during war-driven, turbulent times, where the only certainty as of now is uncertainty. The company has been in a position to weather away the uncertainty by balancing it out with its multiple product portfolio, maintaining profitability. Especially, energy prices in general from period to period have witnessed very sharp upturns—oil has been on the boil, gas is having its pricier glitters, and coal is casting its dark net on the utility cost.

Period-to-period impacts have been different, but in general, energy prices are on an escalated level across the board. This has a ripple effect on the feed and fuel costs soaring, and it affects the fertilizer sector too badly with a very high cost of loading on the government subsidy. Companies, in turn, are also bearing the burden of soaring input costs not becoming a full pass-through due to the open fronts available to competitors like China.

The overall inflationary effect of high energy prices has become apparent in various forms, including high labor and maintenance costs. Against these steep headwinds, the business is navigating in a manner which sweats its assets for the maximum possible positive results. On the front of government support and policy-related initiatives, in spite of the issues in the energy sector, the Government of India has been successful in ensuring the adequate availability of both feed and fuel at the industry level and at the country level.

Subsidy payouts have been timely. Liquidity is in place. The nutrient-based subsidy rates are yet to get announced for the Rabi season. In respect of the fertilizer sector, the NITI Aayog has been assigned the task of reviewing the fixed cost of the urea industry.

Coming to the financial performance, we start with the P&L first. While the Y-o-Y performance has been significantly better as compared to the previous year as well as compared to the Y-o-Y Q2, the sequential quarter has witnessed margin pressures, mainly because of the lower margins on the finished product and also because of certain energy prices going abnormally high.

While the sales volumes in general have improved on a Y-o-Y basis, prices have played a key role in the turnover. As is apparent in the segment results, the fertilizer operating results have been relatively improved, mainly driven by the volumes and improvement in energy norms, whereas the Chemicals segment has witnessed margin pressures mainly due to the realization impact on some of the chemicals like TGU (Technical Grade Urea), Ammonium Nitrate Melt, Weak Nitric Acid, and so on.

Coming to the balance sheet, it continues to be in a healthy shape. Capex for H1 amounts to about INR 500 crores. The captive coal-based plant is

now operational and ongoing projects, by and large, are on execution schedule in spite of certain impacts of geopolitical effects.

Going over to cash flow for H1, there is a healthy operating cash flow generated. Working capital levels in general have gone up mainly due to the subsidy receivables where the energy prices are of the previous period, and therefore, the concession rates are tagged to those periods.

The dividend declared has been paid out during the quarter. Given this highly fluid situation, navigating the situation as it comes has been the way forward for the short term. Although for the medium term to long term, the focus has been running fair operations as well as adding meaningful products to the pipeline. With this, we open the floor to Q&A. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use a headset while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Nirav from Anvil Wealth. Please go ahead.

Nirav: Sir, you touched upon a few aspects in terms of various products impacting the profitability. But when we see our presentation and the products what you have shown, I think spreads for most of the products were either steady or were on the higher side in this quarter. Also, the major raw material, which is oil for us, which is used for ammonia, is also down on a Q-on-Q basis. So, when we see the operating profit on a sequential basis, we were down by close to around INR 200 crores. If you can slightly explain much in detail about this sharp fall in the profitability on a Q-on-Q basis, that would be very helpful.

Moderator: The next question is from Ashish Agarwal, Confident Cap. Please go ahead.

D.V. Parikh: No, no. It is yet being answered, ma'am.

Rajesh Pillai: Manasa, what we will do is that we will take up the questions and along with that, the management will reply. And then we go to the next investors.

This is how we will follow. So let us first give an answer to Mr. Nirav and then we will proceed.

D.V. Parikh: So I will answer. See, Mr. Nirav, right? The spreads which you see in the investor presentation are with respect to one of the key elements which is getting used. Let me give you an example of TDI, where the spread is shown with respect to toluene, okay? But there are other things also which go into the product, which have different effects. If we look at the sequential quarter, which is your question, the realization in three key products—weak nitric acid (WNA), technical grade urea, and ammonium nitrate melt—four products have been substantially hit, which is predominantly the reason for the impact on the margins, number one.

Number two, on the energy front, it is basically the coal prices which have impacted in terms of the fuel cost. Number three, effective 1st July, the long-term settlement-related provisions are all done because of the four-year completion with respect to the last settlement. So these are predominantly the reasons which have impacted the margins. Otherwise, if you look at it in isolation, like gas prices on a Q-o-Q basis have not changed much. Oil prices have not changed much. But these are the other variables which are impacting the profitability.

Moderator: Thank you. The next question is from the line of Ashish Agarwal. Please go ahead.

Ashish Agarwal: Two questions. One is, put together cash and bank plus all the other deposits in the form of, say, cash and bank balance, investments, etc., how much is the total as of September end? And second, sir, when you were explaining earlier that there was a long-standing contract hit that came in, given other fuel, gas, etc., Q-on-Q remains to be the same. So when we see that segmental profits for chemicals have come down by approximately INR 250 crores, how much would the impact come from that long-standing contract? And do we see normalization from a Q3 perspective, given Q2 versus Q3 also, we are not seeing much of a jump in terms of all these fuel costs, etc.?

D.V. Parikh: Okay. What's your question. I missed your first question.

Ashish Agarwal: The first question is simple, on the cash and bank balance put together along with deposits.

D.V. Parikh: So it is all taken together is around INR 3,900 crores. And regarding your next question, it is not a long-term contract. It is basically the long-term settlement, okay, which pertains to the wage revisions where you will see the impact under employee cost. If you see the quarter-on-quarter, there is a INR 33 crores which appears as a variance in the employee benefit cost. So we are referring to the long-term settlement-related provision, not any long-term contract-related impacts.

Ashish Agarwal: Sure. So that would not repeat in Q3 from that perspective?

D.V. Parikh: There will be certain accruals because it takes time to settle down on the wage settlement aspect. So there will be certain accruals for employee benefit expenses.

Ashish Agarwal: Then my question is, given we are in, say, the November month, probably we have some hindsight of how October went and given how the market also reacted to the share price, I wanted to understand this chemical difference between Q-on-Q, INR 250-odd crores, how much is going to continue in Q3 as well?

Tejash Shah: Sir, can you repeat the question, please?

Ashish Agarwal: My question is, if the fuel cost, which is gas, oil, etc., continues to be similar Q1 versus Q2 and now probably Q3 also, we have seen something only getting better off from here. So the difference between, say, the Q1 and Q2 segmental profits on the chemical side was approximately INR 250 crores lower. How much is that going to continue in Q3 going forward, given we have already seen the October month and the spreads that you have shown in the presentation are on the higher side as of now?

Tejash Shah: As far as the market is concerned, the Q3 is going on well. And the rest other part, Parikh sir, you can take up.

D.V. Parikh: Yes. See, this is something... one aspect is how things are faring. This has something to do with the ongoing profitability, which I would request our

Company Secretary—because of approach, we don't comment on the quarter which is running at the time the results are out.

Rajesh Pillai: I will inform the investor. Sir, we would request all the investors to keep their questions pertaining to the financials of Q2 and not to any questions related to Q3 or its relevant details as these are all price-sensitive information, and we would like to refrain from commenting on this.

Ashish Agarwal: So then my question is in Q2, what was the total of one-time impacts which we have seen? One you called out, which is INR 33-odd crores on account of settlement. What are other one-time impacts that we saw in Q2 versus Q1?

D.V. Parikh: Okay. The net impact of one-timers is around INR 75 crores, okay. It consists of various things like energy norm, freight claims, this wage settlement. Had it not been there, it would have been positive by INR 75 crores.

Ashish Agarwal: Okay. So technically, we are seeing the segmental profits on the chemical side, which is disclosed as INR 177 crores, would have been INR 255 crores had these one-time impacts not been there.

D.V. Parikh: One-timers not been there. It is not exclusively on chemical because one-timers comprise across the board business. Okay.

Ashish Agarwal: Sure. In total, it would have been around INR 250 crores. Okay. And simple question, this one-time—I'm not talking about any profitability or numbers from that perspective. One-time in our analysis should not continue for that matter.

D.V. Parikh: By and large, except wage-related because that is ongoing.

Rajesh Pillai: This is Rajesh here. Rajesh Pillai, Company Secretary and Compliance Officer. Manasa, I request that you please inform the investors that their questions should be limited to three questions maximum so that we give a fair chance to all the investors who have joined this con call. Thank you.

Moderator: Thank you. The next question is from Falguni Dutta, Mansarovar Financials. Please go ahead.

Falguni Dutta: Sir, could you please repeat your explanation on AN Melt? I just missed that.

D.V. Parikh: Madam, there are a few chemicals where there is price realization erosion witnessed. AN Melt is one of them.

Falguni Dutta: Okay. And sir, what could be the cause given that in this, like generally up move in various chemical prices, what could be the reason for erosion in AN Melt price to your mind?

D.V. Parikh: Basically, these are competitive forces, okay, which have created these impacts on various chemicals. As you know, ma'am, except one or two products, we do our pricing based on import parity. Most of these chemicals are imported into India aside from some of the products where we also compete domestically. So this is a competitive scenario based on which these chemicals are impacted currently.

Falguni Dutta: Okay. And sir, one final question, if it's possible for you to answer, is if we see as on date, let's say today, on the TDI margins today, would they be better than the Q2 average? Is it possible for you to comment on that?

D.V. Parikh: Ma'am, being a listed company normally...

Falguni Dutta: No, I'm saying today, today. I'm not saying previous quarter, what would be the Q3 average?

D.V. Parikh: That is what I'm saying. Being a listed company today is the current quarter. And current quarter normally, unless it goes through a proper channel of Board approval and all, we can't comment on any of these aspects.

Falguni Dutta: Okay, never mind. Thank you. That's all from my side.

Moderator: Ladies and gentlemen, in order to ensure the management is able to address questions from all participants, please limit your questions to one or two per participant. The next question is from the line of Nirav from Anvil Wealth. Please go ahead.

Nirav: Sir, my question got disconnected in between. So just two questions. So first on the production numbers for ammonia, TDI, WNA, CNA, AN Melt, and TGU for this quarter?

Nitin Patel: Nirav, I am Nitin Patel, Executive Director. The production of ammonia in Q2 was close to 1,78,000. Then TGU was 44,900. AN Melt was close to 41,000. WNA 1,14,000 and CNA was 41,000.

Nirav: TDI, sir?

Nitin Patel: TDI was 8,700.

Nirav: Okay. It was less Q-on-Q.

Nitin Patel: Yeah.

Nirav: Okay. So has that plant now ramped up because last time you said that we started again operating the plant from July onwards. So some of the production would have lost. So has that production run rate been restored now?

Nitin Patel: See, production is on in both the plants. Unfortunately, in July, because of the viability issue as narrated by our CFO, the plants were not producing because we were in a cash loss situation. The same scenario applied to acetic as well as ethyl acetate. So because of that, the volumes are less.

Nirav: Correct. But now all of these three products where we had a problem, now they are all operating normally.

Nitin Patel: Yeah, yeah, they are all operating. It was for 30 to 35 days.

Nirav: Correct. And sir, second question is on the trend of oil prices. Like what we have seen in Q2 and Q1, I think they are more or less similar. So possibly, they wouldn't have captured whatever is the increase in the prices of crude which has happened. So directionally, have the prices of oil started moving up because they are calculated based on the previous month averages, if I understand it correctly? Some thoughts over that. And secondly, on the coal-based boiler, where you touched upon that it has started now producing for us. When can we expect the full benefit of this coal-based boiler to the company?

N.B. Desai: Good evening. I am N.B. Desai. Regarding this question on the oil prices, month-on-month basis, the oil prices are seeing a volatility, and it is largely depending upon the indices of the crude. And due to current geopolitical situations, we witness that month-on-month volatility is there and price increase and decrease. Somewhat it remains within the range, but it has an impact.

D.V. Parikh: I will touch on the second one. Before that, to add to what is said on the oil front, as compared to Q1, the oil prices overall have been down. But then with every different escalation, things change. This is the situation on the quarter gone by. Regarding your question on the captive coal-based plant, it has started generating steam from the 25th of July. Around August, it has started catering to the power requirement. On your question of full benefit, as of now, the situation is that we are taking the benefit of steam, okay, but not the power because power is relatively—given the high coal prices—grid power is turning out to be currently cheaper. We normally keep that as the fallback. The captive power plant, we keep it as a fallback, whereas the main source we use is that of the grid for the purpose of power. For the purpose of steam, this benefit is already availed. Regarding the full-scale one, the guaranteed test run will happen during this quarter. Thereafter, it will go on full scale. Anyway, steam barring for certain interruptions can be catered at the full rate.

Nirav: Correct. Sir, just a follow-up, if you allow me. Sir, a, on any other cost initiatives which could fructify in the second half of FY27, which could directly help us reduce our operating cost? And b, on your earlier comments about the price erosions happening on WNA, TGU, and AN Melt side, was it because of the fact that in the month of July when crude prices went down and some of the imports which were booked earlier started coming to India because of which the prices got impacted and now the situation is slightly turning in our favor in terms of the normal pricing scenario? Is it a right assumption to work with, sir?

D.V. Parikh: On your first one regarding the various initiatives, see, this is a process-driven company. There are various initiatives which are already taken whether sourcing, gas sourcing, okay. Depending upon what is the

opportunity to encash in terms of the lower cost, decisions are taken. That way cost is optimized. An effort is being done for optimizing the cost, but there are many factors which remain beyond control given the war-like situation. On your next question that price erosion and reasons thereof, there are multiple market dynamics. It's very difficult to comprehend one single reason for this. What finally we witness is there is a scenario playing out, and we need to respond accordingly. More than this, there could be multiple factors affecting this and difficult to fathom them out.

Moderator: Thank you. The next question is from Atishrey Mazal from Upsurge. Please go ahead.

Atishrey Mazal: So in the Q1 FY27 investor presentation, you had mentioned that there would be a positive financial impact of about INR 61 crores pertaining to the new energy norm of NCU, and this was likely to be accounted for in Q2 FY27. So has that INR 61 crores been accounted for in the results of Q2 '27?

D.V. Parikh: Yes.

Atishrey Mazal: Okay. And how has that been accounted for? Where will that be reflected?

D.V. Parikh: It will be in the form of the concession rate revision. What happens is, as you know, the Fertilizer Industry Coordination Committee revises the rates based on the input as well as energy norms. There is already a certain accrual based on, let's say, the earlier norm of 6.20, right? When it is revised to 6.37, the concession rate gets revised accordingly. Therefore, it appears on the balance sheet as subsidy receivable, and in the P&L as part of the subsidy.

Atishrey Mazal: Okay. So that would be accounted for in the revenue, is it the fertilizer revenue?

D.V. Parikh: It pertains to urea, so it has to be part of fertilizer.

Moderator: Thank you. The next question is from Abhinav Mandowara, Aequitas Investments. Please go ahead.

Abhinav Mandowara:

My first question was with respect to TDI. Just wanted to understand, has there been any Chinese capacity addition in '26 or FY27? And how much have there been? And how does it affect our spot prices? Also, just wanted to understand customer concentration for TDI.

Tejash Shah: As you might be knowing, Wanhua has increased their capacity in '26-'27. One of the plant capacities has increased. But as far as the Indian market is concerned, the Indian market is a 120 kt market. No doubt with the Chinese imports, we are facing fierce competition. But as far as our production capacity is concerned, it is 70,000 tons per annum. There is a huge market, and market growth CAGR is around 8% to 9%. No doubt, whatever we produce, the other material has to come to the Indian market via imports.

Abhinav Mandowara:

And how much was the capacity that was increased by Chinese?

Tejash Shah: Wanhua has commissioned 360 kt new plant.

Abhinav Mandowara:

And just wanted to understand our customer concentration in the TDI space, who are major...

Tejash Shah: All the major foam manufacturers, basically TDI is used in the manufacturing of foam. All the major foam manufacturers are connected with GNFC.

Abhinav Mandowara:

Okay. And also with regard to the Bharuch plant viability, what is the cash cost difference versus Bharuch and Dahej? And are we planning to shut down the Bharuch plant?

D.V. Parikh: No plan to shut down the Bharuch plant. In fact, it has been cost competitive as compared to the Dahej plant. With the operation of this captive power plant, both are coming nearer now, okay. Depending upon the dynamics of coal and gas prices, at times, TDI Dahej might remain more attractive in terms of cost than the first plant at Bharuch.

Abhinav Mandowara: Okay. And also with regards to—we have a good amount of cash on books, what are our capital allocation plans here?

D.V. Parikh: These are already part of the investor presentation as to what are the current projects, which are four in nature, and what is on the anvil.

Moderator: Thank you. The next question is from Ashish Agarwal, Confident Cap. Please go ahead.

Ashish Agarwal: So similar question which I had asked earlier on the lines that the current prices we will not be able to disclose of the products that we sell.

D.V. Parikh: So you want current prices?

Ashish Agarwal: Yes.

D.V. Parikh: Like our Company Secretary explained, see, there are certain sensitivities attached to the current quarter-related aspects. We request you people to confine your questions to the quarter for which we are holding the call, that is preferable.

Ashish Agarwal: So Q2, can we then only give a small answer? Q2 average prices were what, like for TDI, aniline and acetic acid, and Q2 end prices was what? That is pertaining to the previous quarter. Can we answer that?

D.V. Parikh: Yes, that I will request our marketing team to let you know.

Tejash Shah: You asked me about the pricing of Q2 for TDI.

Ashish Agarwal: Average prices for TDI, aniline, acetic acid, and weak nitric acid.

Tejash Shah: TDI prices for the Q2 average was around INR 285,000. Aniline was around INR 180,000. Weak nitric acid price was around INR 35,000. Sorry, sorry, nitric acid price, I have to calculate because we are normally taking the realization on a 100% basis.

D.V. Parikh: I will tell you on a 100% basis, the realization. I will request our marketing counterpart to add the discount. Basically, INR 28,500 is the weak nitric acid price on a 100% basis, not the price realization. There are certain discounts which can be added to arrive at the price.

Ashish Agarwal: Then acetic acid?

Tejash Shah: Acetic acid will be around INR 65,000.

Ashish Agarwal: And what was it at Q2 end?

Tejash Shah: End of Q2, the prices were almost same because this is the average price. I don't have at present the exact price on the 31st.

D.V. Parikh: For the whole quarter, we have the price. If you want it at the end of the period, my marketing colleague may answer. But if your answer is for the whole quarter average, then it was INR 62,600 for Q1. For Q2, it is INR 72,840, let's say, INR 73,000. So acetic acid has... this is for acetic acid. The figure which you are hearing from me is the average for the whole quarter.

Ashish Agarwal: Okay, got it. And similar for others, sir, if you can answer for others as well?

D.V. Parikh: As you know, there is a difference between price and realization. From a finance side, I will know more about realization than the price. For price, I will refer back to our marketing colleague.

Tejash Shah: For TDI, whatever I told you, INR 285,000. The last date price is not with me on 30th September.

Ashish Agarwal: So last week price will also do, or last month price will also do, if you can recall that.

Tejash Shah: Last week price was INR 310,000, peak of September**.**

Ashish Agarwal: And similar for aniline, acetic acid as well, if you could share the numbers?

D.V. Parikh: If possible, can you share those numbers for the quarter gone by offline because it will save time for everybody. If the investor is okay?

Ashish Agarwal: Yes, I'm okay, but how do we check this information?

Tejash Shah: For aniline it was INR 2,38,000.

Ashish Agarwal: Okay. Great. And what was it for acetic, it was INR 72,000 like you are explaining. Weak nitric acid was around 28, 29 only?

Tejash Shah: Yes. 72 % concentration for Weak Nitric acid.

Moderator: Thank you. The next question is from Vivrant from Abhimat. Please go ahead**.**

Vivrant: Sir, sorry, I just joined the call a little late, but I wanted to understand a couple of things. I mean, I believe people may have asked you the same questions. So I apologize for repeating it. But just wanted to understand a couple of things. In your presentation, right, you've shared that spreads have gone up significantly over the past year or so. But if we see the impact on the gross margins, they are down. Now I believe that would be because of the higher cost of inventory that we've been carrying from Q1. But typically, what kind of inventory have you been carrying? And did you really stock up a lot in Q1? Like what would be the inventory days that you would have in Q1 towards the end of Q1?

D.V. Parikh: I'll answer that. See, if you see the financials, the decrease in the inventory is already showing up, which is INR 236 crores. If you couple it up with the increase in the inventory, which was there in quarter one, the cumulative impact is INR 533 crores, which is the liquidation happened. This is the liquidation we could do during the quarter.

Vivrant: And sir, going forward, I mean, in terms of inventory, how are we looking at things? I mean, with the world scenario kind of stabilizing today, do we think prices are going to normalize both on realizations as well as the raw material? How is this going to impact us over the next few months or maybe the next six months, if I may ask?

D.V. Parikh: In the opening remarks, we said that this is really an uncertain time because every other day or week, we hear something which is contrary to what was heard earlier. Therefore, it makes predictions very, very difficult. For the short term, there is no clear idea we are getting, okay. We are running the business, but most of our guesses are not materializing. They change by a wide margin from time to time, okay? These are not the times to really gauge the things. There are many things happening across

Vivrant: No. But sir, in terms of raw material procurement policy, like would you be procuring your raw material on a monthly basis today? Would you be procuring it on a three-month basis, right? Like how are you acting on that? Because I mean, if the war goes on, then there's a possibility that we don't get raw material in the future. So are you stocked up for that?

D.V. Parikh: The point is that there is no clarity whether the war will stop the input coming in, okay Like war has been there since late February or March. It has affected initially, especially the gas availability. On the rest of the feed, we have not faced any difficulty in terms of availability. But of course, it has its ripple effect in case of demand and supply getting affected overall on the prices, which is playing out. On the sourcing part, our colleague will tell better. But we do our sourcing based on the production plan for the month. In anticipation, if we, let's say, store today something by buying out and tomorrow prices go down, then it is a sort of element of speculation in that, rather better to buy what you really need for a reasonable time based on your production plan. This is how the company operates. We don't do stocking assuming that things will go up or down and therefore, let us stock. So that is not the way we work.

Vivrant: Sir, and I mean, would there be any—is there any way that you can guide on what kind of spreads you see? I mean, I understand that things are very volatile. But if I look at the past one year, right, the spreads have only been increasing. And I would believe that GNFC having a clear advantage of being one of the sole manufacturers of most of the chemicals you guys are in. I mean, I would assume that because of China cutting down on production and exports and putting export rebates and everything in place,that should benefit us, right, over the long-term?

D.V. Parikh: These guesses are hazardous guesses. Really, we don't... this is not the time to tell because how it will play out in a short-term. Really, we would refrain from this question because honestly, none of us, whether on the marketing front or procurement front, making a guess is going to be hazardous because we really don't know tomorrow what will happen. But we navigate ourselves, our ship of the company, in a cautious way so that as far as possible, the profitability aspects are taken care of aside from customer satisfaction and delivery. So this is what is the area of focus as of now.

Vivrant: And sir, all the capexes are going to happen on time, right? We see them going live as per schedule?

D.V. Parikh: By and large, you can say, okay. In case of only one project, we have a delay of three months, but the recouping plan is already discussed with the lump sum turnkey contractor. The rest are by and large on the schedule. At times, things come up in terms of delivery, which is of imported material, but somehow this is managed so far.

Vivrant: Right, right. Noted, sir. And realizations are holding up fine right now as we speak, right? Because I read something that acetic acid prices have gone down quite a bit in the month of October. But when it comes to chemicals, do you think that we'd be very sensitive to that?

D.V. Parikh: Sir, we'll talk about Q2.

Vivrant: Yes. So if I had to look at Q2, right, like the chemicals in Q2, the chemical segment in Q2, because of crude prices going up, I believe the realizations also went up. So I mean, like could one assume that if crude prices were to come down, then realizations would come down?

D.V. Parikh: We have not seen this kind of correlation, especially in this war situation. Let me give you a clear example in Q2 itself. Oil prices have not moved further up. Rather, it has gone down, okay, on a consumption basis. But you see what we are witnessing is different when we look at the segment. These relationships are going haywire currently, okay. Let me give another example. We have some of our products, let me give you the example of technical grade urea, okay. Oil has marginally gone down, but the kind of realizations which are impacted are way different, disproportionate in nature. In this time, this linearity is not working out. As such, there are many products where linearity is not at all there even over a longer time, like TDI and toluene. That's not the right way to look at it, is what I would say.

Moderator: Thank you. As this was the last question, I now hand over the conference to Mr. D.V. Parikh, Executive Director and CFO, GNFC Limited. Thank you, and over to you.

D.V. Parikh: Thank you, ma'am. On behalf of GNFC, the management thanks all the participants. We would request you to join the call next quarter as well. Meanwhile, we take your leave. Thank you very much.

Moderator: Thank you. On behalf of GNFC Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines**.**

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