

GSFC Q3 net profit falls 50% at Rs 98.94 cr

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Gujarat State Fertilizers and Chemicals Ltd (GSFC) on Friday reported a 50.42 per cent drop in its standalone net profit to Rs 98.94 crore during the third quarter of the current fiscal on higher expenses.

The net profit had remained higher at Rs 199.57 crore in the year-ago period due to one-time write-off of Rs 100 crore taxes, the company said in a BSE filing.

The net profit during the December 2018 quarter took a beating due to higher expenses despite strong sales. The phosphatic fertilisers maker's overall expenses rose to Rs 1,883.40 crore during the quarter from Rs 1,422.75 crore in the corresponding period last year. Net income increased to Rs 2,013.91 crore during October-December 2018, against Rs 1,545.72 crore in the year-ago period.

Sujit Gulati, MD, GSFC, said: "The company has shown a good improvement in fertiliser sales volume of 20 per cent during the quarter, on improved market reach and leveraging its marketing network."

On the industrial products front also, the company has shown improvements in topline and the bottomline in this segment. The company is also scaling up trading activities in agriculture as well as industrial products space, he added.

The company's working capital borrowing remained nil till December 31, 2018, mainly due to better collection for fertilisers and industrial products during the quarter and good subsidy receipt, GSFC stated. "This will help in reducing the working capital interest for future periods," it said in the filing.

With regard to subsidy, the company said total outstanding as on December 31, 2018, was Rs 1,573 crore. "With government eyeing for special banking arrangements to clear subsidies, the company hopes that subsidy outstanding will further go down by March-end," GSFC said.

In the fourth quarter, GSFC expects better fertiliser margin because of expected softening of prices of phosphoric acid and ammonia. However, on the industrial products front, the crude price movement will have its effect on margins.