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**Gujarat Narmada Valley
Fertilizers & Chemicals Limited**

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NO. SEC/BD/SE
August 12, 2025

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Symbol: "GNFC"

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

Dear Sir / Madam,

We had vide our letter dated July 24, 2025 intimated the Stock Exchanges about the schedule of Investors / Analysts meet through Conference Call on Thursday, August 07, 2025 at 4:00 PM (IST) through Conference Call.

We send herewith a copy of Transcript of Investors / Analysts meet through Conference Call which took place on August 07, 2025. 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
Company Secretary

Encl.: As above



“Gujarat Narmada Valley Fertilizers and Chemicals Limited Q1 FY'25-'26 Earnings Conference Call”

August 07, 2025



MANAGEMENT: **MR. D. V. PARIKH - EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER, GUJARAT NARMADA VALLEY FERTILIZERS AND CHEMICALS LIMITED**
MR. NITIN PATEL - EXECUTIVE DIRECTOR, GUJARAT NARMADA VALLEY FERTILIZERS AND CHEMICALS LIMITED
MR. M. I. SHAMSI - EXECUTIVE DIRECTOR, GUJARAT NARMADA VALLEY FERTILIZERS AND CHEMICALS LIMITED
MR. RAJESH PILLAI - COMPANY SECRETARY, GUJARAT NARMADA VALLEY FERTILIZERS AND CHEMICALS LIMITED



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Moderator:

Ladies and gentlemen, good day and welcome to Gujarat Narmada Valley Fertilizers and Chemicals Limited Quarter 1 Financial Year '25-'26 Earnings Conference Call.

This call is hosted by Anurag Services LLP on behalf of GNFC. From the Management we have Mr. D. V. Parikh – Executive Director and Chief Financial Officer, Mr. Nitin Patel – Executive Director, Mr. M. I. Shamsi – Executive Director, Mr. Rajesh Pillai – Company Secretary and other senior members from the management.

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 this 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. D. V. Parikh. Thank you and over to you, sir.

D. V. Parikh:

Thank you. Good afternoon and thank you again to Anurag Services and good afternoon to all the participants on this Q1 FY'25-'26 Earnings Conference Call.

As you know, the company has published its results yesterday and also uploaded the investor presentation. So, most of you must have gone through the details of the presentation as well as results. Apart from investor presentation, there is a press release also which is given.

For Q1, basically the numbers are not comparable for the other two periods, which is sequential quarter as well as YOY quarter. Although in all the three quarters, there have been some outages and shutdowns. So, the longest shutdown was in the period of Q1 FY'25-'26. If you compare it with the previous quarter, which was Q4 FY'24-'25, there was some outage, not the set off as such but some outage due to the electric blackout. And on a YOY basis, Q1 FY'24-'25, there was not at Bharuch complex but at Dahej complex. So, TDI-II production was down last year. So, therefore, although these numbers are not comparable, there is a quantification done in this regard as to what are the impacts on the revenue and PBT side.

The revenue side, if you consider for the last quarter Q1, is impacted by a figure of around Rs. 375 crores on the topline basis and around Rs. 148 crores on a bottom-line basis. Similar numbers for the sequential quarter, which is Q4 FY'24-'25, it is around Rs. 40 crores and Rs. 20 crores respectively. And same is the case as compared to the Q1 last year. Going from P&L to the segment results, the results have not much change in the chemical segment, although the turnover has changed mainly because of the TDI reason last year. And this year, there have been impact of various chemical in terms of the volume, but still the profitability on a YOY basis is maintained because last year it was more subdued than this year.



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As far as the balance sheet part is concerned, I will first touch the fertilizer segment also. The losses in the fertilizer segment have increased to around Rs. 100 crores. This is again mainly because of the under-recovery of energy because as of now the energy norms are still not revised. The effect of that is around Rs. 13 crores. Aside from that, there are two other factors, the volume of urea has been lower by a factor of around 40,000 tons and the higher repairs and maintenance cost, which is contributing cumulatively to the impact on the fertilizer segment. Going from P&L to other comprehensive income, the main reason of other comprehensive income improvement is because of the fair value improvement in the investment, which we are carrying, both in the quoted and unquoted shares.

As far as balance sheet is concerned, the position, there is no significant change except some capitalization, which is part of working process with respect of the ongoing projects and the value attributable is around Rs. 225 crores during the quarter. So, this is what is the broad overview in terms of P&L and balance sheet.

Coming to the business side, there are two important aspects to be covered. On the fertilizer side, both energy as well as fixed cost revision are in the offing. We expect it to be out by Q3 of this financial year. As far as chemical is concerned, in terms of the plant operations, we have two plants, which is methanol and aniline. Methanol is stranded because of the cost economics and aniline, we are operating based on the need for prioritization based on the production planning we do on a regular basis. Aside from this, there is an update on the anti-dumping duty in respect of aniline, which was valid up to mid of 2027, which is now extended up to mid of 2030.

So, these are the broad updates on both fertilizer and chemical. As far as projects are concerned, our colleagues will tell more specifically about the projects, but by and large they are on schedule barring some changes, especially in case of the coal-fired power and steam generation plant. The rest are all on schedule.

So, with this, I now leave the floor open for the question-and-answer. Thank you very much.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the line of Nirav Jimudia from Anvil Wealth. Please go ahead.

Nirav Jimudia:

Yes, sir. Thanks for the opportunity and good afternoon to the entire team. So, I have a few questions. Sir, last time you guided that despite of a shutdown in the month of April, possibly we could be near to the peak production in TDI close to around 67,000 tons. So, I just wanted to understand how much we have achieved in Q1 put together both the plans. Just to add here, we have seen the strengthening of TDI prices globally, but similar price adjustments have yet not happened in India, though there are some price increases. So, I just wanted to understand here, do we sell our TDI entirely on spot basis or there is some element of contractual volumes also?



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- D. V. Parikh:** The total TDI production taken for both the plant together is around 16,000 metric tons for Q1. And the second question on this price is, see, we have increased the prices recently, but globally if you see the report of ICIS, it is not matching exactly with those prices. As far as the arrangement of contract is concerned, it is a mix of both spot and contract we do. In fact, our discount scheme is like that, that if people pick up certain volume for a quarter, for a year, then there are certain incentives. So, accordingly people enter into a contract mainly on a spot basis, but they also do indicate on a quarterly basis. This is what is the understanding on the TDI offtake.
- Nirav Jimudia:** Correct. And sir, do we still stick to the plans of closer to 67,000 tons of volumes for TDI in FY'26?
- Nitin Patel:** Going forward, we expect smooth running of both TDI plans unless some unforeseen breakdown occurs. And if you see Q1, we have closed around 16,000. So, the answer is yes.
- Nirav Jimudia:** Correct. Sir, given the kind of toluene prices, I think you also mentioned in the presentation that there is some moderation in the input cost also and that have slightly further gone down in terms of toluene prices. Given the kind of toluene prices and CNA prices currently, what should be the breakeven price for our TDI sales in rupees per kg if you can throw some understanding here?
- D. V. Parikh:** Breakeven price in terms of what?
- Nirav Jimudia:** Like at the EBITDA level, what is the breakeven price at which our EBITDA is neutral, sir?
- D. V. Parikh:** I think that is not the way to look at like that because all are moving parts from time to time, whether you take TDI price, you take toluene price or you take CNA price...
- Nirav Jimudia:** I am talking about the current situation, like even the kind of current price what we have for both input.
- D. V. Parikh:** See, there is a positive contribution in both TDI-I and TDI-II. At TDI-II, the fixed cost is not fully recovered, that is the situation. And that has been the situation since quite some time because the TDI prices have not gone up substantially over last few years.
- Nirav Jimudia:** Yes, from 2016-17.
- D. V. Parikh:** And what has happened after 2022, the output prices have come down, but the corresponding impact we have not witnessed in case of other petrochemical products. So, that is the situation and therefore at TDI-II, there is no full recovery of the fixed overheads.



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Nirav Jimudia:

Sir, second question is on the fertilizer. You rightly explained that there were twin effects of urea loss and the energy recovery was slightly on the, or the energy consumption was slightly on the higher side which impacted close to around Rs. 13 crores. So, just wanted to understand like if we see last year our fertilizer losses were close to 180 crores. This quarter was Rs. 100 crores due to the loss in both the factors what you mentioned. So, how do we see the fertilizer segment performing for rest of this financial year A and B as against the energy consumption what is being granted by the government, like close to around 6.2 if I am not wrong. Where are we in terms of the energy consumption and once this is revised further which you mentioned by Q3 of FY'26, whether we will be able to come closer to that norms or what would be the situation? If you can just explain your thoughts here.

D. V. Parikh:

You are right. The prescribed energy norm as prevalent as of date is 6.20. It is under revision and given our energy mix which includes coal, we expect this energy norm to be reasonably higher which is expected to come. Now, as far as the losses of energy are concerned, we hope that we should be in a comfortable position once these are announced. We have been in dialogue earlier and there have been certain indication but it is yet to get formalized in terms of announcement of energy norms. So, on energy front we expect that there should not be any recovery. On the contrary, we should be gaining something. The energy levels have become higher mainly because of the shutdown, unproductive energies and lower base of production, etc., are the main contributors. As far as fixed cost is concerned, there is no guess as of now as to what will be the level at which it will be revised. It is difficult to say but both are expected to coincide in this financial year. So, these losses must reduce which you said as compared to Rs. 180 crores full-blown last year, 100 crores is in Q1 itself. Secondly, what happens in fertilizer also, there is some product optimization we do when it comes to the complex fertilizer we are manufacturing. So, it all depends upon what kind of opportunity is there on the other side, which is the AN melt side. So, the dynamic is like that. Though apparently, there is a loss but then because of the product optimization, at times we try to see that these losses are minimized at an overall company level.

Nirav Jimudia:

Got it. Is it possible to quantify what would be the unproductive fixed cost, repairs and maintenance sitting in the Rs. 100 crores PBIT what we have reported? Just to understand what could be the steady state run rate in terms of the numbers going forward? So, what could be the number out of this Rs. 100 crores which could be considered as one-off?

D. V. Parikh:

This Rs. 100 crores is like we said because of three predominant reasons. One is the volume of around 40,000 metric ton of urea which is lower as compared to 48 as compared to the corresponding period. The second is Rs. 13 crores of energy loss and there is some element of total repairs and maintenance cost, this time is around Rs. 45 crores incrementally we have incurred. Now, in terms of product level breakup in urea specifically as of now, it is not with



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that how much is the repairs and maintenance attributable to urea plant, but that can be given on a separate communication through Company Secretary.

Nirav Jimudia: Third question is because we had a shutdown this quarter, was our ammonia production through oil was affected because we normally after consuming internally for WNA and AN melt, we sell close to around 20,000 tons of ammonia in the outside market on a quarterly basis. So, what was the situation this quarter if you can share your thoughts?

Nitin Patel: The complex was totally under shutdown including oil based ammonia production. What we ensure that ammonia is not a constraint for the production of downstream consumers except urea, whether it is with nitric acid or AN melt. So, accordingly the stock built up or to arrange a bought out ammonia to sustain these production levels because each plant has a different time zone of the shutdown, periodicity. Few plants are for x days, few are for x plus delta x and few are for x minus delta x. So, depending upon that, we see that the plants which are ready for shutdown does not suffer for the want of major raw material ammonia.

Nirav Jimudia: So, safe to assume that this quarter possibly we would have purchased some ammonia from the outside market which has also led to some increased cost and which should not happen in the subsequent quarters?

Nitin Patel: See, ammonia requirement there is always a slight shortfall in our total captive ammonia requirement. This is comparison to what we can produce. So, that cost is a dynamic thing, sometime it is equal, sometime it is marginally lower, sometimes it is marginally up.

D. V. Parikh: To further add, see there are two things. One is to answer your question, how much is the lower production of ammonia, it is around 42,000 metric ton is the lower production. As far as oil-based ammonia is concerned, on an overall basis it is around 36,000 metric ton. As far as cost is concerned in Q1, both this time which is this financial and last financial, we did not purchase anything. In Q2, we have started purchasing, but the costs are lower than our cost of production. So, that is a benefit.

Nirav Jimudia: Got it. Sir, next question is on any thoughts we can share on the benefits which should accrue to GNFC because we have appointed the consultants and I think they have submitted their report. So, if you can help us understand like where are we currently in terms of implementation part for the suggestions being given by them, some short-term or medium-term benefits which could accrue to us and which would be the areas where these benefits could be coming on.

D. V. Parikh: Okay, you are talking about the strategic management consultant which is Kearney which we have appointed.

Nirav Jimudia: Correct, sir.



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- D. V. Parikh:** They have worked predominantly on two things. There are other areas also, but predominantly if you see they have worked on two things. One is the pathway for the investment, next investment and second is transformation part which is basically how do we reduce our cost and they have identified various areas both digital and otherwise and we are at an advanced stage of discussion with them to formalize the implementation plan of that. Sometime in Q2, this exercise would be rolling in and then depending upon the schedule, this will start, the benefits will start coming into the system. It is both. One is financial benefit, second is certain strategic aspects and third is which products to choose for the investment and the ticket size thereof. So, these are the three things which they have covered and now they are being appointed for the hand-holding and implementation.
- Nirav Jimudia:** Correct, sir. Any specific area which would be taken up first just to get a flavor of the kind of rolling out of these benefits or to get some idea over here like what could be the agenda first, like could it be related to power or to some of the raw materials which we procure, where the benefits could be earlier visible on?
- Nitin Patel:** See, they have given various areas. Power fuel is one of them. Feedstock is another. On marketing side, they have certain suggestions. On digital side, they have certain suggestions. So, all taken together, they have quantified certain projected savings and based on that, we are discussing with them.
- Nirav Jimudia:** Thank you so much, sir. I will join back in the queue. I have a few more to ask, but I will join back in the queue.
- Moderator:** Thank you. The next question is from the line of Aatur from ICICI Prudential Mutual Fund. Please go ahead.
- Aatur:** Thank you for the opportunity, sir. On TDI, this price increase which you were talking about, if you can just possible to quantify how much increase we have taken and is there any further scope in the near term to increase prices further?
- Tejas Shah:** I am Tejas Shah from marketing side. On 1st August, we have increased TDI price by Rs 12,000. We are looking after the market and presently, just because of the rain, Indian demand is slightly weak. It is under improvement stage and we will review price based on the market condition.
- Aatur:** And sir, would export prices be better now versus domestic?
- Tejas Shah:** Yes. We have locked certain export orders where the price realization is better than domestic as of now.
- Aatur:** Okay. And generally, we do not export, right, but current scenario, we are open to export?



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- Tejas Shah:** Since last about two years, the domestic market is enough in fact. And our focus is also to serve the domestic industry rather than exporting. Because export, the business happens mainly through intermediaries, number one. Number two, the cost of logistics is also high. And number three, this feedstock advantage which these people, other people have around is not working out so favorably for us as compared to the concentration on the domestic industry.
- Aatur:** Okay. Got it, sir. And just on this Kearney part which you are mentioning, one was cost benefit and other on the investment side etc., apart from what you mentioned last quarter and in the PPT, any further updates that you would like to share with us?
- D. V. Parikh:** Yes. See, this is what we covered. Basically, earlier, the engagement was for examination. As to what can be done, what is doable, given our indication to them about the investment size, or kitty which we have. And the second aspect is the areas of improvements in terms of bringing more efficiency, alternate sourcing, and other possibilities. So, now we are discussing with them about the hand-holding and implementation thereof, where they have projected a certain set of financial savings which will get locked up over a period of time. So, our engagement is under discussion about the periodicity and other terms. So, very soon, maybe around this month itself, we should be finalizing those terms of reference as well as terms of engagement.
- Aatur:** Sure. And just one last, any update regarding the professional CEO announcement across entities? Any update that you have received on that which you can share?
- D. V. Parikh:** This will be little information which is inside to the organization. I am not sure whether sharing is right. Because each organization, you are saying we have engaged, some other G-entity has engaged, so, what is the level of fees is what your question. Is that understanding right?
- Aatur:** No. On the CEO appointment, like the professionalization which Gujarat entities, like I was talking more from the recent news that we saw that professional CEOs across Gujarat entities.
- D. V. Parikh:** I overheard somehow fee, not the CEO.
- Aatur:** No, CEO, sir.
- D. V. Parikh:** So, we request our Company Secretary if he has any awareness about that.
- Rajesh Pillai:** As of now, we do not have any information in this regard.
- Aatur:** Okay, sir. Thank you so much, sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Vaibhav from Honesty and Integrity Investment. Please go ahead.



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- Vaibhav:** Thanks a lot for providing the opportunity. On TDI again, so on what is our revenue in or maybe what is the volume mix between spot prices and the contract prices? That is the first question. And in terms of revision in contract prices, so does it happen on a monthly basis or it happens on a quarterly basis? How does it happen?
- Tejas Shah:** I am Tejas Shah. As far as the contract and spot sales is concerned, mostly all the home manufacturers are connected with us on contracts. We have 90% sales on contract basis, 10% sales on spot basis. And as far as the pricing is concerned, it is purely depends on the market conditions. We do not feel whether to do pricing on monthly or quarterly. Based on the market condition, we are reviewing the prices.
- Vaibhav:** Got it. And when you say market condition, because a lot of imports also happen for TDI. I mean, so is it like mostly benchmark to the imports or how it is benchmarked in terms of what prices we should pick? How do we determine that? Is it to do with imports or it has to do with something else?
- Tejas Shah:** There are many parameters. Whatever the global prices is going on, what is the import offers receiving in Indian market, at what price import is receiving in Indian market, how is the Indian demand, what the customer quantity lifting, there are all the parameters we are going through and reviewing at the time of pricing.
- Vaibhav:** Got it. Understand. And apart from TDI for our other, let us say two major chemical products, if you can help us understand, how do you look at profitability over next one year or two year or maybe six months? How do you see spreads moving for the next two products apart from TDI in chemical division?
- Tejas Shah:** We may see improvement in the next quarter because normally in India, H2 demand is going to be improved. So, we hope the prices may also improve along with the market.
- Vaibhav:** Got it. Understand. That is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Nirav Jimudia from Anvil Wealth. Please go ahead.
- Nirav Jimudia:** Thanks for the opportunity again. Sir, just wanted to understand more on the fertilizer part, like you mentioned that we fall in a category of group where a coal-based urea or the urea is produced through ammonia through coal-base. So, if my understanding is correct, we have been entirely on gas for our ammonia production for the urea or how is the situation here because possibly I would have missed out something in between for our conversation. So, if you can help us highlight that.



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- D. V. Parikh:** Urea has two components. One is feed and fuel. As far as feed is concerned, it is 100% on gas. As far as fuel is concerned, we have a fuel mix both of gas as well as coal. This is where the coal comes into picture.
- Nirav Jimudia:** Correct. And normally through gas, we produce close to around 3,70,000 tons of ammonia, right?
- D. V. Parikh:** You can take the capacity which we use for the purpose of ammonia production. And the specific consumption of ammonia in urea is 0.58.
- Nirav Jimudia:** Secondly, if you can just help us understand like what was the production for WNA, CNA, AN melt and formic acid for this quarter and if it is not possible for this quarter, even if you can share for FY'25, that would be very helpful.
- Nitin Patel:** Was close to 97,000 both plants put together and CNA was close to 30,000 to 32,000 altogether. Formic acid was 6,500. The volumes are less considering the shutdown.
- Nirav Jimudia:** Sir, 97 you mentioned for WNA and CNA put together?
- Nitin Patel:** No, we have 2 WNA plants and 4 CNA plants.
- Nirav Jimudia:** Okay, so 97,000 was for WNA, 32,000 for CNA and 6,500 for formic acid.
- Nitin Patel:** These are approximate figures missing the last three digits.
- Nirav Jimudia:** Correct. And sir, two more things here. If you can share the ammonia production through oil and AN melt production for Q1?
- Nitin Patel:** See, ammonia production through oil is around 47% and from gas is around rest 53%. We had a total ammonia production of 1,38,000 out of which close to 81,000 was gas and balance oil.
- Nirav Jimudia:** And AN melt sir?
- Nitin Patel:** We had close to 37,000 AN melt.
- Nirav Jimudia:** Last, just a verification. After this shutdown, there won't be any need for further shutdown for the rest of the year, is it a correct assumption to make?
- Nitin Patel:** Yes. It is expected there is no plant outage.
- Nirav Jimudia:** Got it. Thank you so much, sir, and wish you all the best.



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- Nitin Patel:** Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Rajesh Pillai:** Yes. This is Rajesh here, Company Secretary. Thank you to all the participants for joining this investor call. I would also like to express my gratitude to the moderator as well as Anurag Services LLP for their support in organising the call. Thank you. So we close this call. Thank you.
- Moderator:** Thank you. On behalf of Gujarat Narmada Valley Fertilizers and Chemicals Limited and Anurag Services LLP, that conclude this conference. Thank you for joining us and you may now disconnect your lines.