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
Ph. (02642) 247001, 247002 **Website:** www.gnfc.in

NO. SEC/BD/SE/
May 10, 2022

FAX : 02642 – 247084
E-Mail: acshah@gnfc.in

Dy General Manager
BSE Ltd.
Corporate Relationship Dept
1st Floor, New Trading Ring,
Rotunda Bldg
PJ Towers, Dalal Street, Fort
Mumbai-400 001

Co. Code: BSE - "500670"

The Manager
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza,
C-1, Block - "G",
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

Co. Code: NSE- "GNFC EQ"

Sub.: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that Senior Management of the Company is scheduled to meet the Investors / Analysts on Thursday , 12th May , 2022 at 3.30 PM IST through Conference Call. An Invite for the said Conference Call is enclosed.

The Invite is subject to changes due to any exigency on behalf of the Investors or the Company.

The Invite is also being uploaded on the Company's Website i.e. www.gnfc.in

We are attaching the Analyst and Shareholders Communication May-2022 Presentation on the Financials of the Company for the Q-4 and Year ended on 31st March, 2022.

We request you to kindly take note of the above.

Thanking you,

Yours faithfully,
For GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LTD

CS A C SHAH
COMPANY SECRETARY & GM (LEGAL)

GNFC

Gujarat Narmada Valley Fertilizers & Chemicals Limited

is

pleased to invite you for conference call to discuss

The Q4FY22 Financial Performance

With

Mr. D. V. Parikh, Executive Director & Chief Financial Officer

Mr. Y. N. Patel, Head of Dept. (O&M)

Mr. A. C. Shah, General Manager & Company Secretary

and other senior members from the Management

On

Thursday, 12th May 2022 at 03:30 pm IST

Dial-In Numbers:

Primary Access: +91 22 6280 1259 / +91 22 7115 8160

R.S.V.P. :

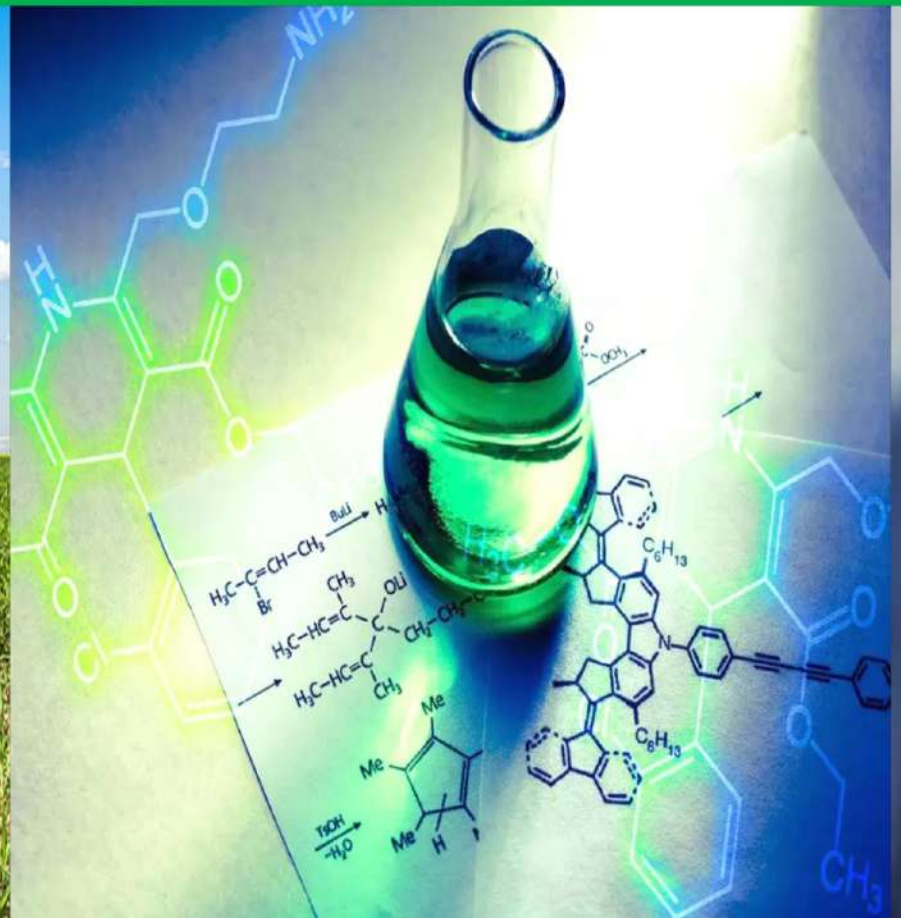
Mr. Rajesh Pillai

Deputy Company Secretary

E-mail : rajeshpillai@gnfc.in

Gujarat Narmada Valley Fertilizers & Chemicals Ltd

Analyst and Shareholders Communication
May - 2022



Cautionary Note – Forward Looking Statement

- ✓ Only matters in the public domain can be subject matter of discussion in this meeting.
- ✓ As a matter of policy, we do not provide any forecast about the future business situation.
- ✓ We do not comment or give guidance on future results or business outlook.

Content

01 **Corporate Overview**

- The Journey
- Uniqueness
- Technology Partner
- Shareholding Pattern
- Market Capitalization
- Key Business Update

02 **Financial Performance**

- Message From Management
- Performance Q-4 FY2021-22
- Few Key Financial Parameter
- Five Years Trend
- Segment Performance
- Key Financial Ratios
- Balance Sheet Summary
- Cash Flow Summary
- Free Cash Flow
- Credit Rating

03 **Feedstock Spread**

- Toluene - TDI
- Methanol - Acetic Acid
- Natural Gas - Methanol
- Key Feedstock Price History

04 **Capex Plan**

- Ongoing Projects
- Future Projects
- Projects Under Consideration

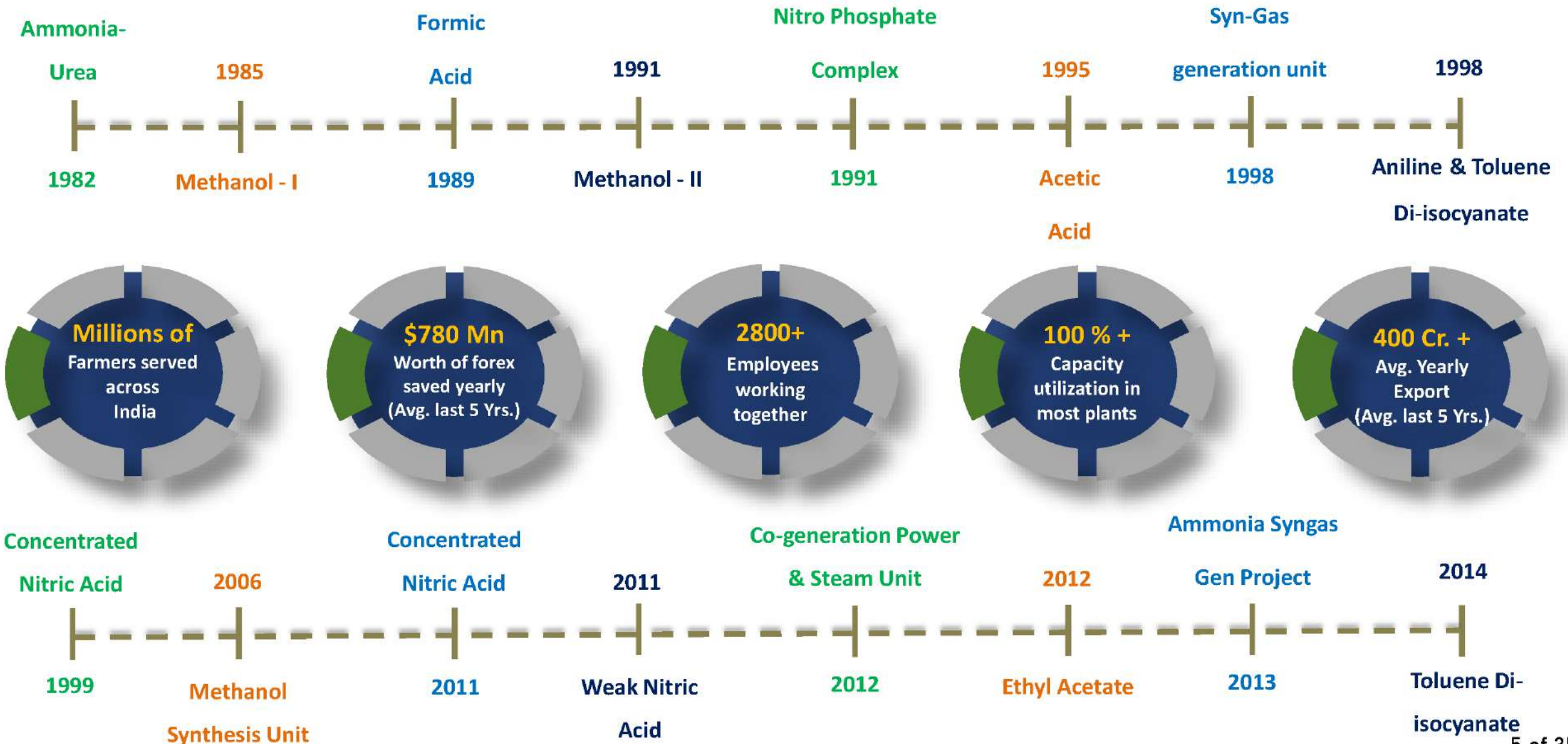
05 **Business Outlook**

- Business Outlook

01

Corporate Overview

The Journey


Ammonia-Urea
1982
1985
Methanol - I
Formic Acid
1989
1991
Methanol - II
Nitro Phosphate Complex
1991
1995
Acetic Acid
Syn-Gas generation unit
1998
1998
Aniline & Toluene Di-isocyanate
Millions of Farmers served across India
$780 Mn Worth of forex saved yearly (Avg. last 5 Yrs.)
2800+ Employees working together
100 % + Capacity utilization in most plants
400 Cr. + Avg. Yearly Export (Avg. last 5 Yrs.)
Concentrated Nitric Acid
1999
2006
Methanol Synthesis Unit
Concentrated Nitric Acid
2011
2011
Weak Nitric Acid
Co-generation Power & Steam Unit
2012
2012
Ethyl Acetate
Ammonia Syngas Gen Project
2013
2014
Toluene Di-isocyanate

Uniqueness

Never lost a single man-day on account of labour discord

Absorbed state-of-the art complex technologies from leading technology providers across the globe.

Largest producer of Formic Acid in India. One of the top producers of Aniline, AN Melt, WNA & CNA

Only manufacturer of Toluene Di-isocyanate (TDI) in South East Asia & Indian Sub Continent

Only company in India to produce Oil based Ammonia.

India's only manufacturer of Glacial Acetic acid through the cutting-edge Methanol Carbonylation route

Technology Partner

BASF Germany
Ammonium Nitro phosphate

B P Chemicals UK
Acetic Acid

Chematur A B Sweden
TDI, Aniline

GE Energy USA
CPSU

Haldor Topsoe Denmark
Ammonia

Kemira OY Finland
Formic Acid

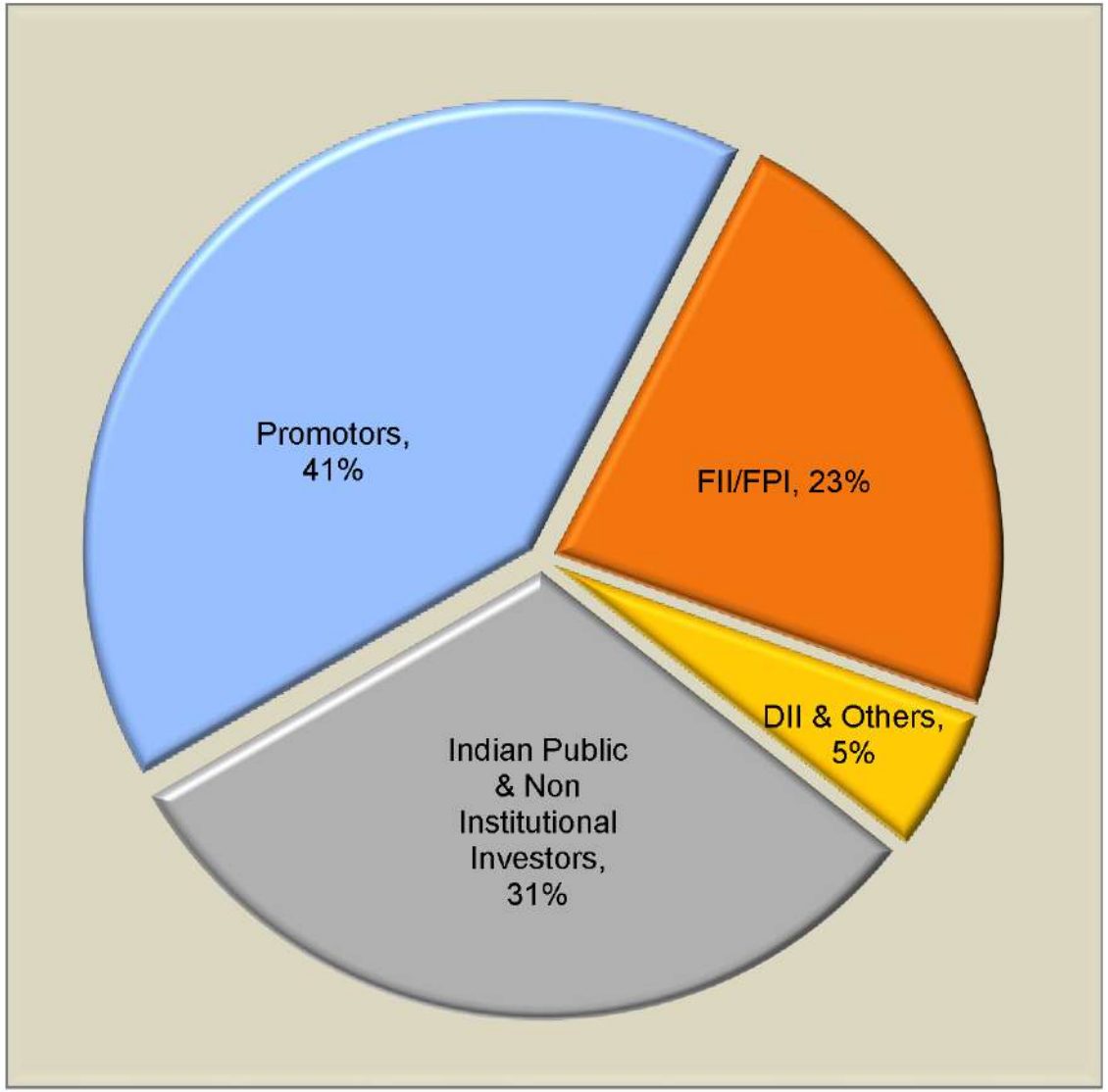
Linde AG Germany
Ammonia / Methanol

Plinke Germany
Concentrated Nitric Acid

Saipem Italy
Urea

Uhde Germany (Now ThyssenKrupp)
Weak Nitric Acid

Shareholding Pattern



Particulars	As on		Change
	31-03-22	31-03-21	
Promotors	41%	41%	-
FII/FPI	23%	10%	13%
DII & Others	5%	11%	(6%)
Indian Public & Non Institutional Investors	31%	38%	(7%)

15.54 Crores Shares @ ₹ 10 per share Total ₹ 155.42 Crores.
DII & Others includes Banks, Mutual Fund, Insurance companies etc.

Market Capitalization

Key Business Updates

Fertilizers:

- Commendable government support in revising rates for Nutrient based subsidy for H1 FY21-22, this will ease heavy margin pressure on mix fertilizers.
- Arrears of urea subsidy is more or less contained in spite of gas prices doubling over the year.
- Government has revised freight subsidy rates from year 2016-17 to 2020-21.
- Government is actively working on policy for urea industries stakeholders.
- Representations are on for concession in energy norms for coal using units.

Chemicals:

- Pandemic resurgence impact by and large minimal on dynamic industrial chemical business.
- Energy prices are at all time high especially in cases of Natural Gas and Oil.
- Due to steep divergence in Gas and Methanol prices, the methanol requirements are met based on 'Make Vs. Buy' approach so as to improve margin.
- Due to geo political issue especially Russia – Ukraine war apart from feed stock, cost of other inputs like catalyst, metal etc… have risen significantly, in spite of that buoyancy in chemical continues.
- Company has opted for lower regime of taxation i.e. effective income tax rate of around 25.168% for FY 2021-22

02

Financial Performance

Message From Management

Shri Pankaj Joshi, IAS
Managing Director

Operating and Financial Performance:

On YoY basis, the operational revenue at ₹ 8,642 of FY 21-22 is 69% higher and PBT at ₹ 2,298 is 142% higher than those of corresponding period of FY 20-21.

The yearly operational revenue at ₹ 8,642 is historical highest since the inception of the company and marks 46% improvement over its previous highest ever revenue recorded in FY 17-18. Similarly, the PBT at ₹ 2,298 is also the historical highest and marks 98% improvement over its previous recorded PBT in FY 17-18.

Optimisation of profitable product mixes, prudent 'make or buy' decisions for captive products, profitable sale of captive products, products pricings discipline are some of the main reasons behind this excellent operational and financial performance even while navigating headwinds of steep input cost pressures. This is possible mainly due to competitiveness especially of Industrial Chemicals.

Industrial Chemicals business did extremely well, where some of the chemicals like weak nitric acid, concentrated nitric acid, ammonium nitrate melt, acetic acid etc fared quite well. Production and sales of Ethyl Acetate, Ammonium Nitrate and Nitro Benzene have been highest. Weak Nitric Acid and Methyl Format also recorded highest ever sales volume.

On fertilizer front, there has been a commendable Government of India (GoI) support in releasing timely subsidy in spite of spiralling natural gas prices and other input costs by increasing the extra budget allocations. The gas pool price has increased by more than 110% from March-21 to March-22. On a weighted average basis, the yearly gas pool price has increased by around 80% YoY i.e. FY 21-22 V/s FY 20-21.

GoI's additional support of continuing the mixed fertilizer subsidy has been a big relief to industry. GoI has also revised the freight subsidy rates from year 2016-17 to 2020-21. All these measures bode well for fertilizers.

The production of mixed fertilizer i.e. Ammonium Nitro Phosphate has been lower due to requirement of catering to national priority of enhancing the Ammonium Nitrate Melt production for energy security. Once the situation gets normalised this is expected to start production by this month.

Revenue from Operations (RFO), PBT and PAT are amongst the **historical highest ever respective period performances in the 46 years' history** of company on quarterly as well as yearly basis.

The Board of Directors recommended a Dividend @100% for the year ended 31st Mar, 2022, up by 25% as compared to previous year FY 20-21.

Performance Q-4 FY2021-22

(₹ Crores)

Particulars	Q4 21-22	Q3 21-22	Q4 20-21	FY 21-22	FY 20-21
Revenue from Operation (RFO)	**2,772**	2,380	1,733	**8,642**	5,129
Other Income	**61**	48	49	**209**	237
Total Income	**2,832**	2,428	1,782	**8,852**	5,366
Total Expenses	**(1,886)**	(1,706)	(1,263)	**(6,259)**	(4,126)
EBITDA*	**885**	674	470	**2,384**	1,003
EBITDA % to RFO	**32%**	28%	27%	**28%**	20%
Finance Cost	**(1)**	(1)	(1)	**(3)**	(20)
Depreciation	**(74)**	(77)	(68)	**(292)**	(272)
PBT	**871**	644	450	**2,298**	948
Tax (expense) / benefit	**(228)**	(106)	(141)	**(594)**	(259)
PAT	**643**	538	309	**1,704**	689
PAT % to RFO	**23%**	23%	18%	**20%**	13%
EPS (₹ Per Share)	**41.39**	34.64	19.88	**109.62**	44.35

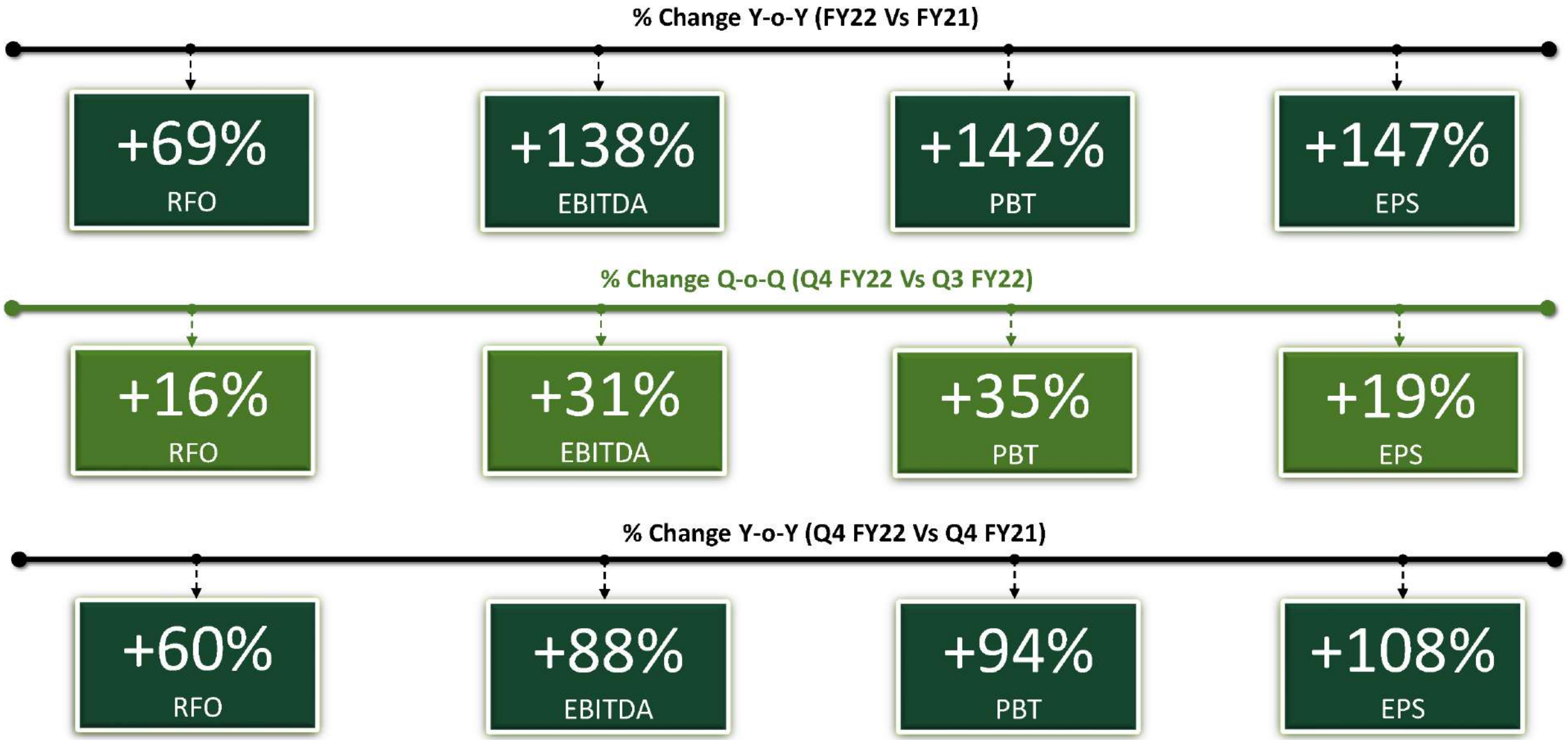
*EBITDA excludes Other Income

Performance: *Q-4 Revenue from Operations of ₹ 2,772 Crores, PBT of ₹ 871 Crores and PAT of ₹ 643 Crores are* ***historical highest ever quarterly performance respectively****.*

On FY 21-22 basis RFO of ₹ 8,642 Crores, PBT of ₹ 2,298 Crores and PAT of ₹ 1,704 Crores ***surpass all yearly records in its 46 years' history****.*

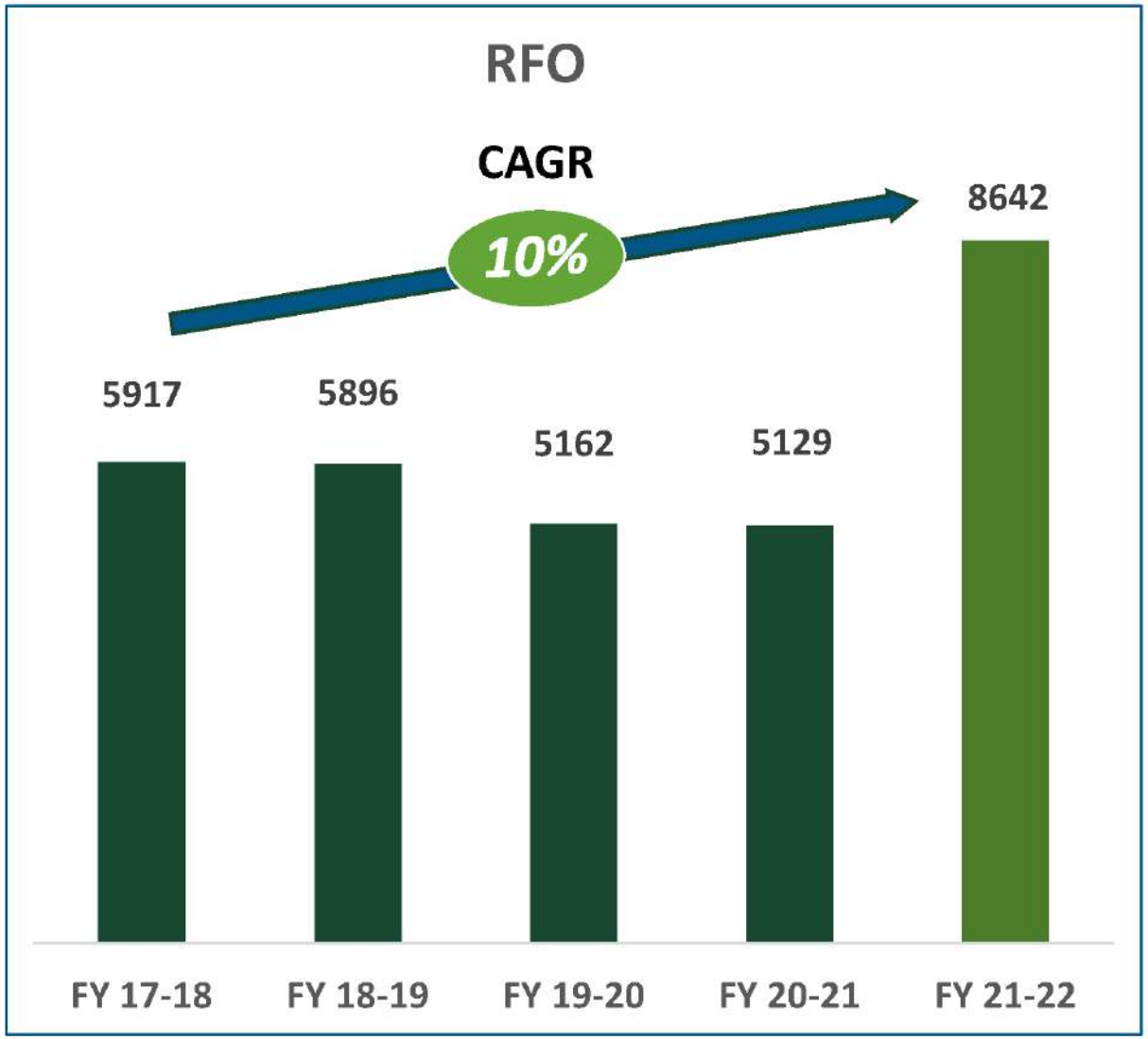
Income tax: *This year, considering various developments, company has opted for new tax rate @22% plus i.e. effectively 25.168%.*

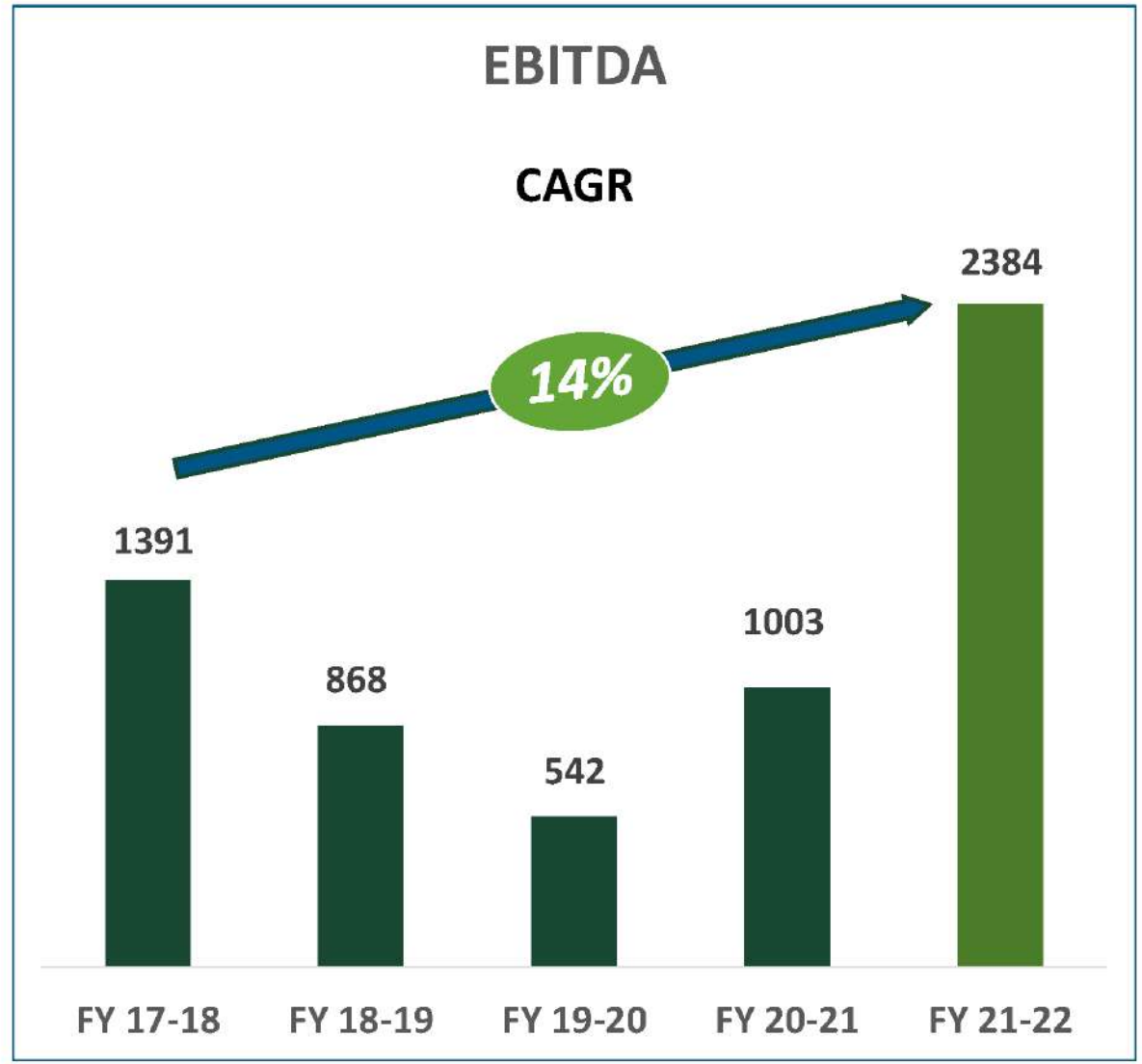
Few Key Financial Parameter



Five Years Trend

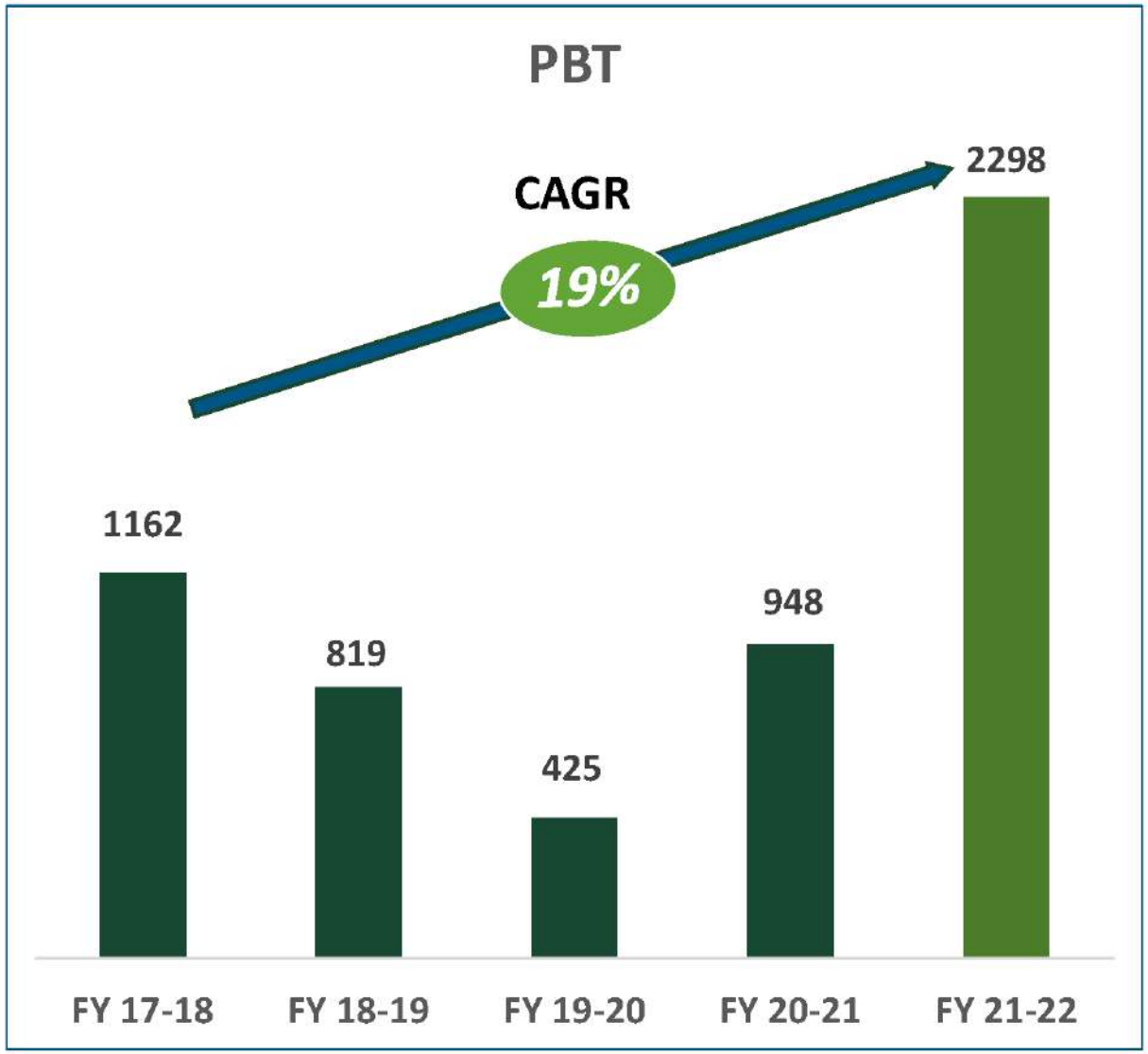
₹ Crores

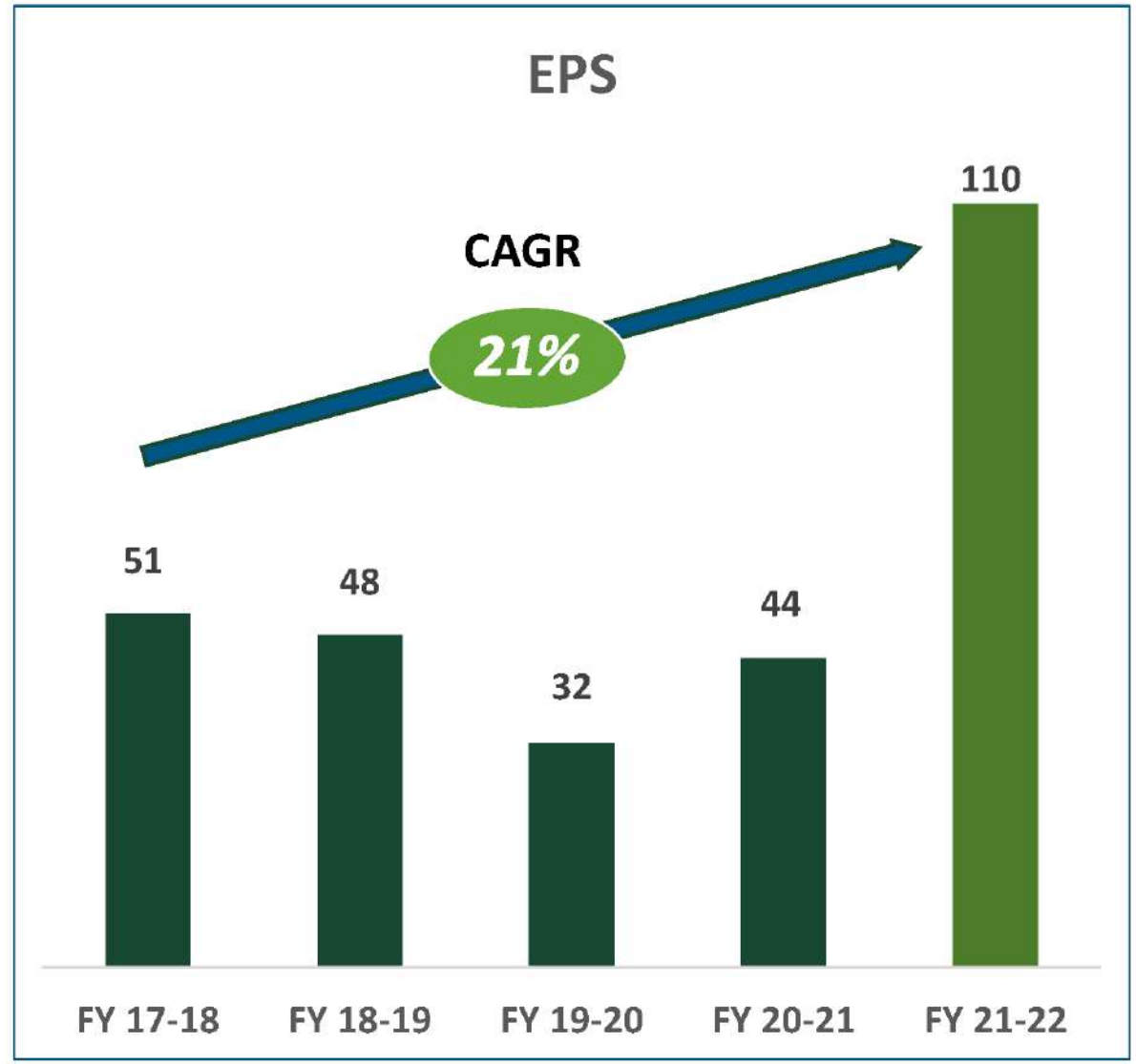




Five Years Trend

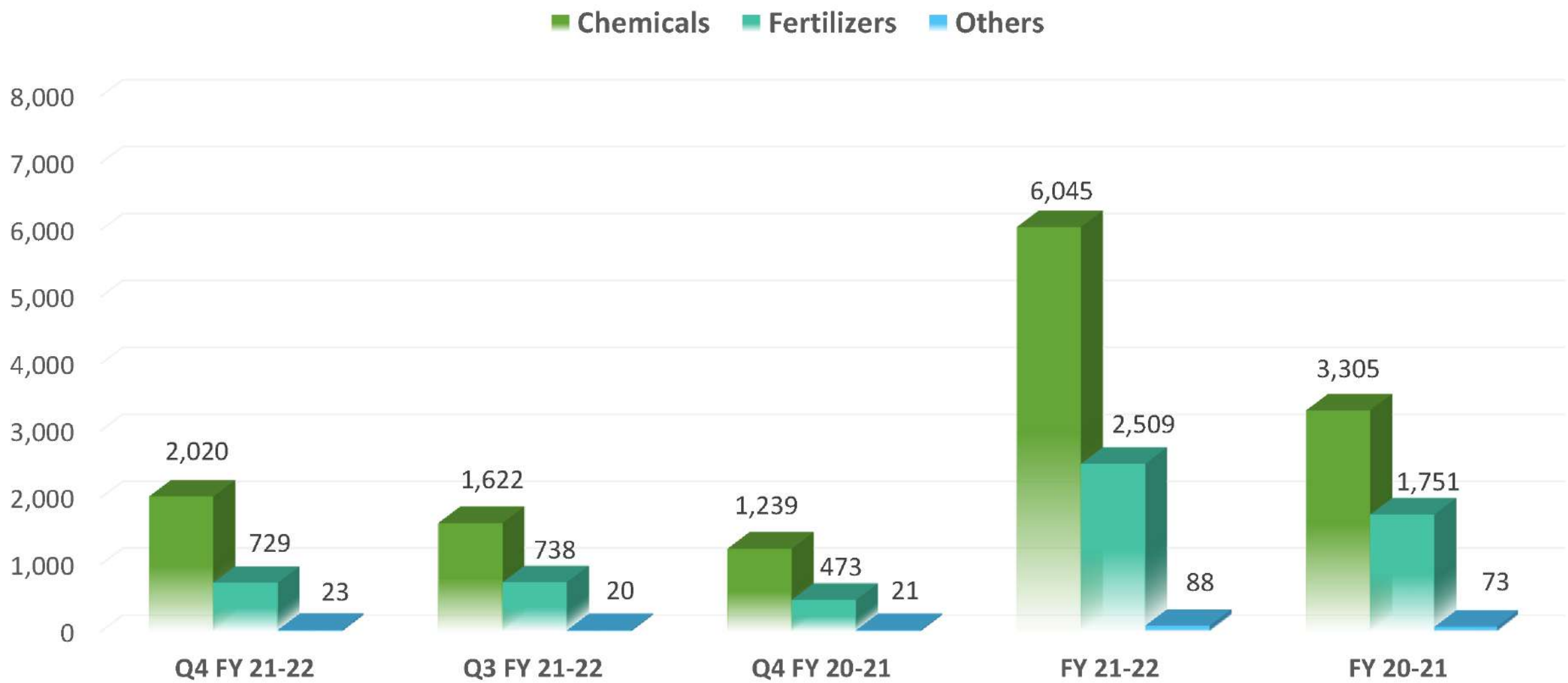
₹ Crores





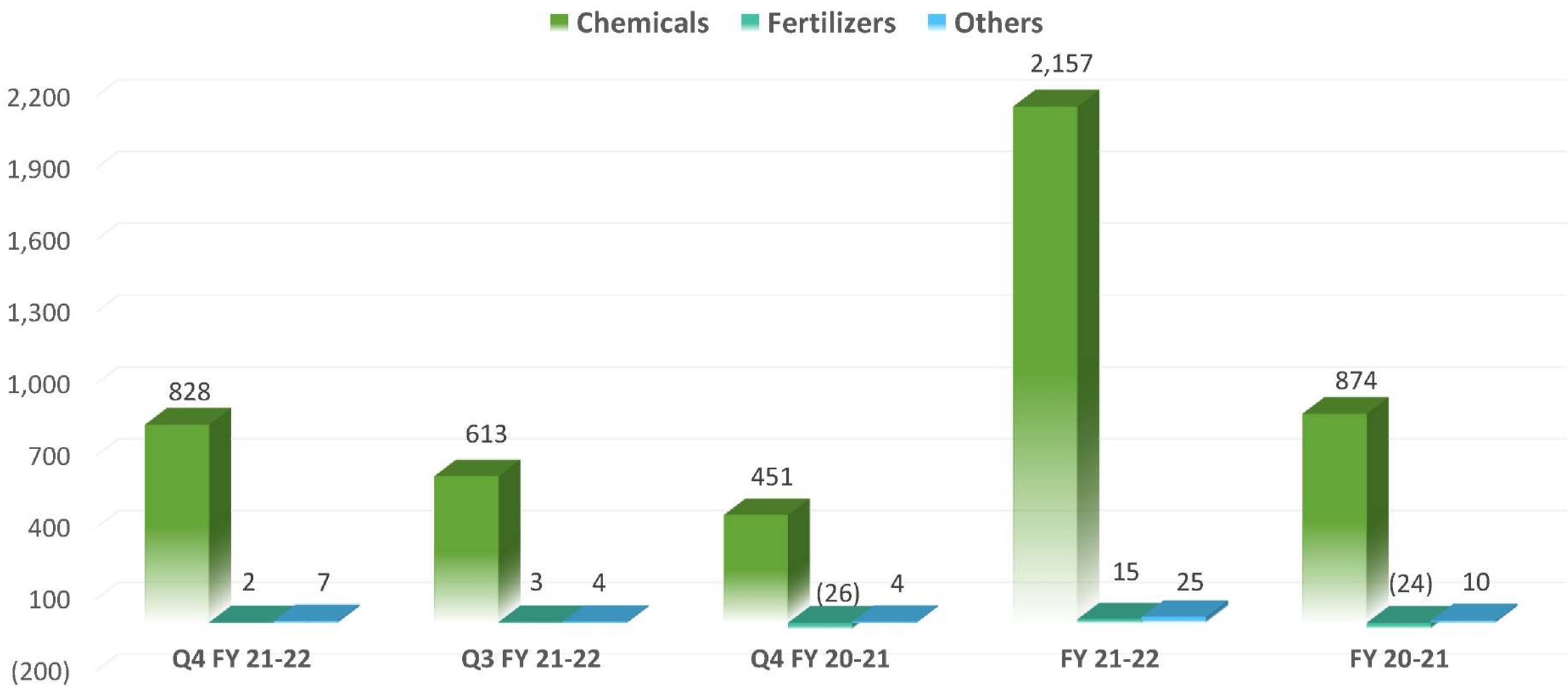
Segment Revenue

₹ Crores



Segment Results

₹ Crores



Key Financial Ratios

	Particulars	Units	FY 21-22	FY 20-21
A	**Return Ratios**			
	Net Profit Ratio	%	**19.71**	13.44
	RoE	%	**24.55**	12.30
	RoCE	%	**27.66**	15.18
B	**Turnover base Ratios**			
	Inventory turnover ratio	Times	**9.65**	5.88
	Trade Receivables turnover ratio	Times	**15.23**	5.33
	Trade Payables turnover ratio	Times	**11.37**	8.26
D	**Liquidity Ratios**			
	Current Ratio	Times	**3.61**	3.57
	Net capital turnover ratio	Times	**2.88**	2.37
C	**Per Share Ratios**			
	EPS	₹ / Share	**109.62**	44.35
	Book Value	₹ / Share	**508**	385
E	**Market Capitalization #**	₹ Crores	**13,124**	4,666

Healthy Balance Sheet with debt free status and consistent history of profitability are key strengths of the Company.

Market capitalization is calculated at NSE closing rates as at respective period end.

Balance Sheet Summary

₹ Crores

Particulars		As on		Change	
		31-03-22	31-03-21	Absolute	%
Fixed Assets (net) (including CWIP)		**3,716**	3,881	(165)	(4%)
Investments		**1,222**	853	369	43%
Cash , Bank & Deposits		**3,682**	1,851	1,831	99%
Other Assets		**2,007**	1,715	292	17%
Total Assets	**A**	**10,627**	**8,300**	**2,327**	**28%**
Short Term Borrowings		-	2	(2)	(100%)
Deferred Tax Liability		**422**	391	31	8%
Government grants (deferred income)		**705**	765	(60)	(8%)
Other Liabilities		**1,601**	1,158	443	38%
Total Liabilities	**B**	**2,728**	**2,316**	**412**	**18%**
Total Net Worth	**A-B**	**7,899**	**5,984**	**1,915**	**32%**

With good internal accruals, the shareholder equity is increasing. With practically debt free, it has healthy Balance Sheet enlarging in size year on year providing it the strength required for withering any adverse business situations / headwinds.

Cash Flow Summary

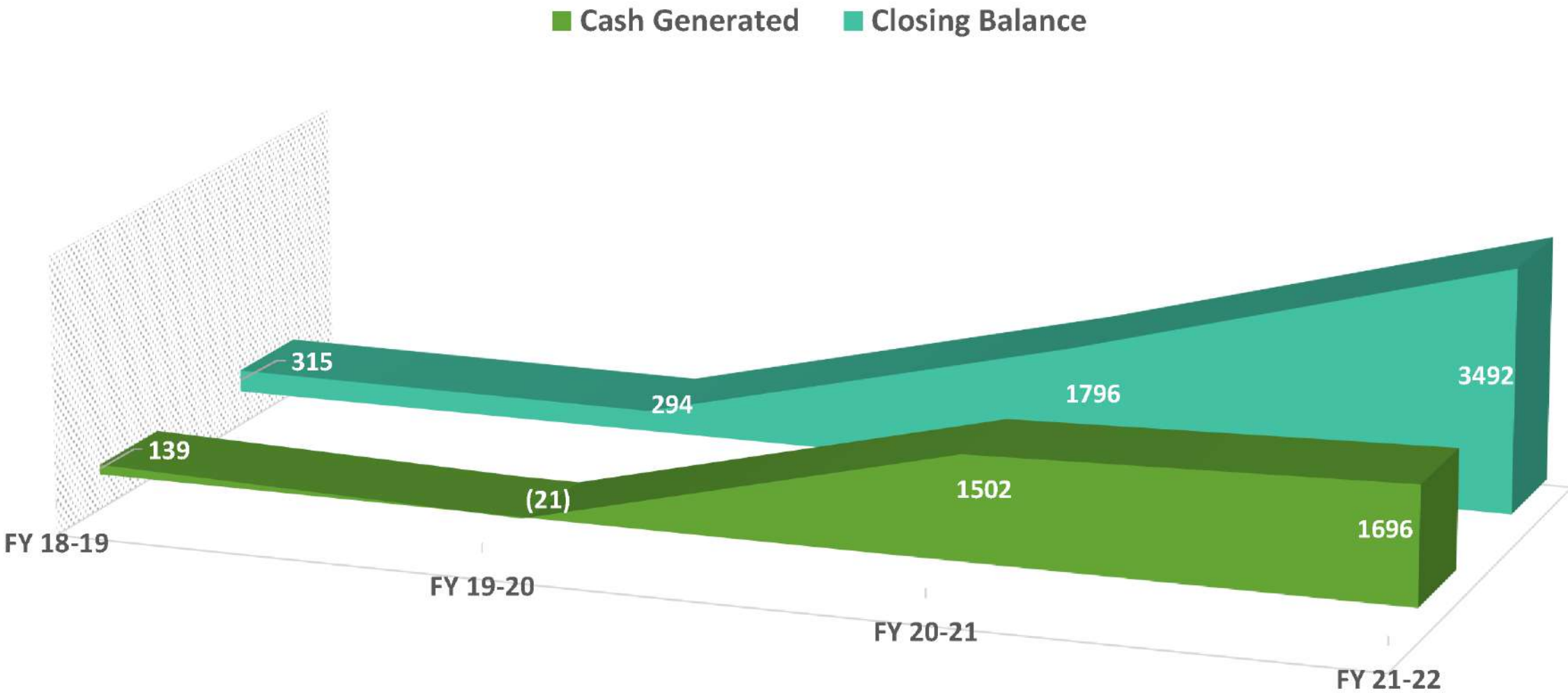
₹ Crores

	Particulars	FY 21-22	FY 20-21	Change	% Change
A	Operating Cash Flow before Working Capital changes	**2,485**	1,073	1,412	132%
	Net Change in Working Capital	**110**	1,029	(919)	(89%)
	Taxes Paid	**(628)**	(218)	(410)	(188%)
B	Net cash from / (used in) Operating Activities	**1,967**	1,884	83	4%
C	Net cash from / (used in) Investing Activities	**(1,899)**	(856)	(1,043)	(122%)
D	Net cash from / (used in) Financing Activities	**(130)**	(933)	803	86%
E	**Net (Decrease) / Increase in Cash & Cash Equivalent**	**(62)**	95	(157)	(165%)

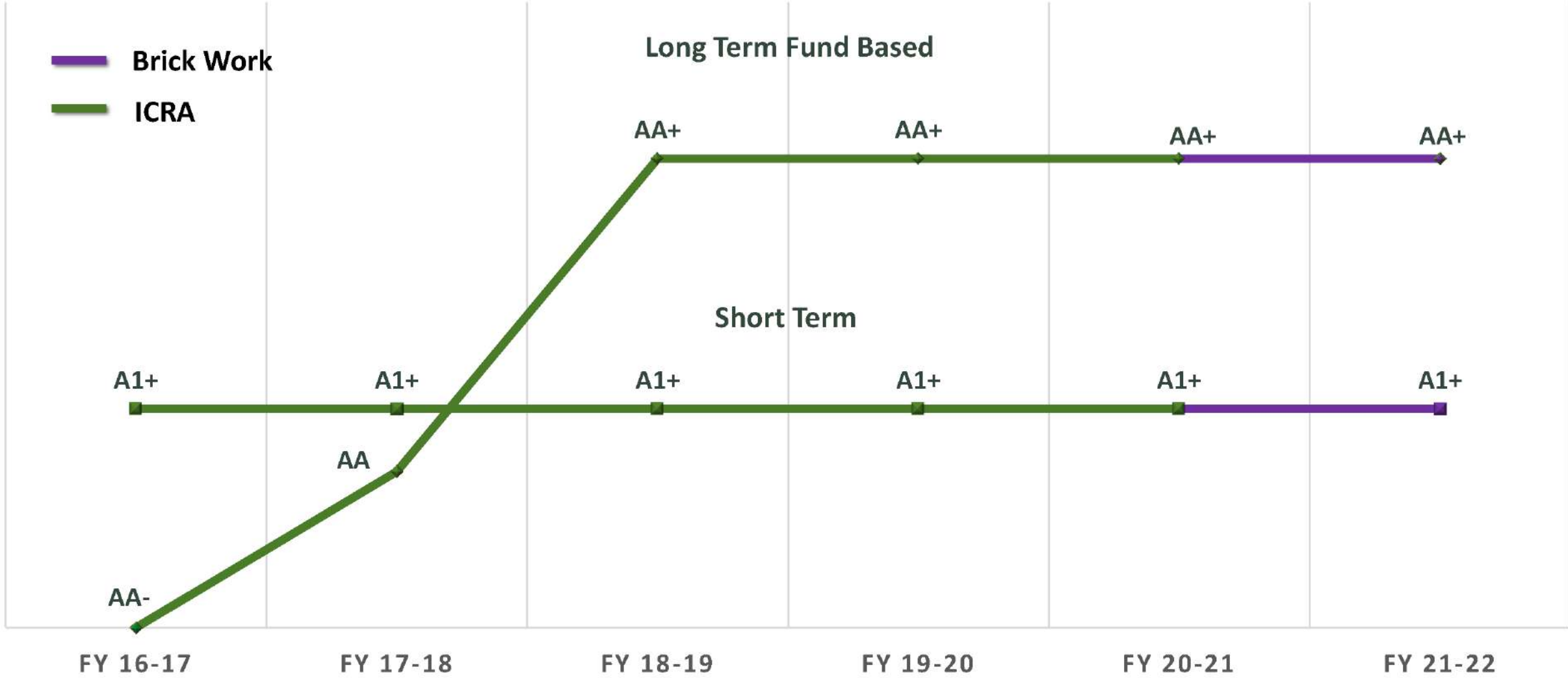
- *There has been a very strong operational cash flowing to business strengthening its financial position.*
- *Investment activity mainly represents deployment of internal accruals in readily encashable avenues.*
- *Financing activities during the FY 20-21 reflects repayment of borrowings availed for funding the takeover of PF securities as well as repayment of Special Banking Arrangement.*

Free Cash Flow

₹ Crores



Credit Rating

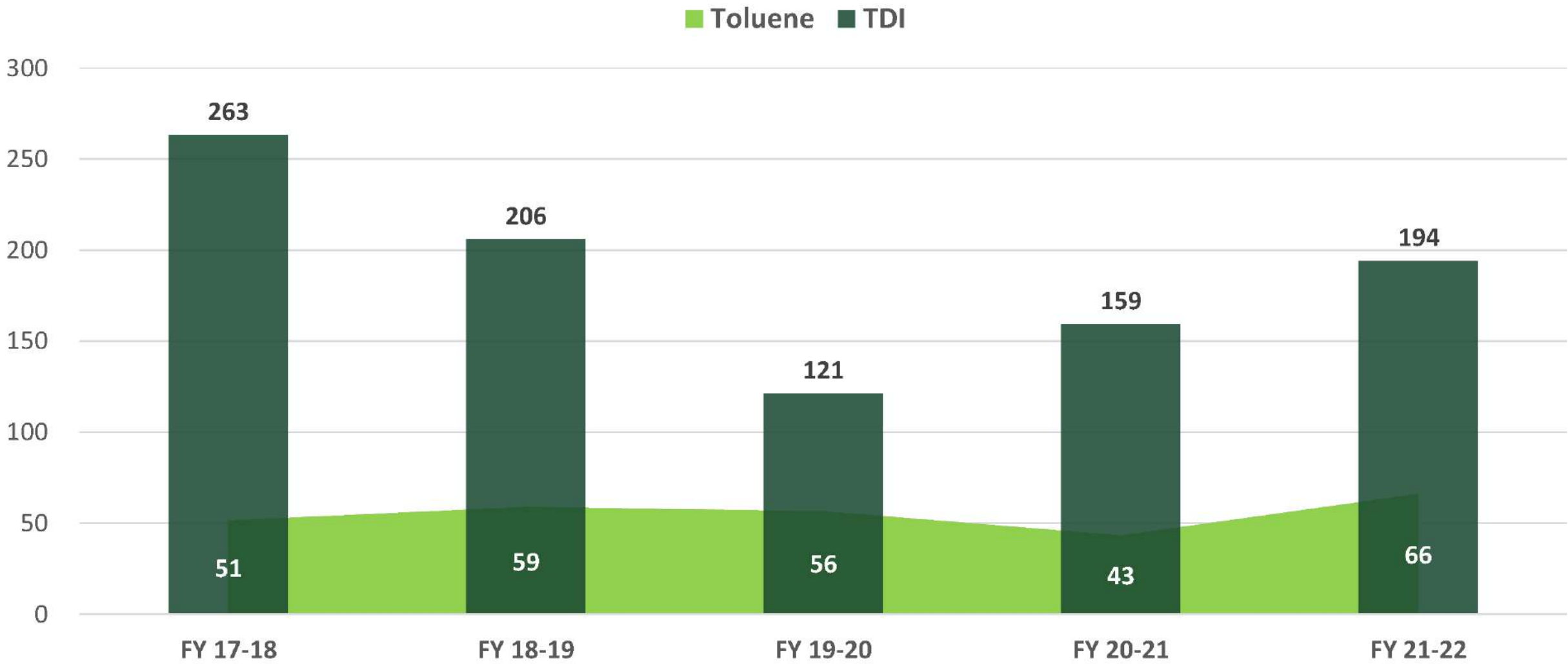


03

Feedstock Spread

Toluene – TDI

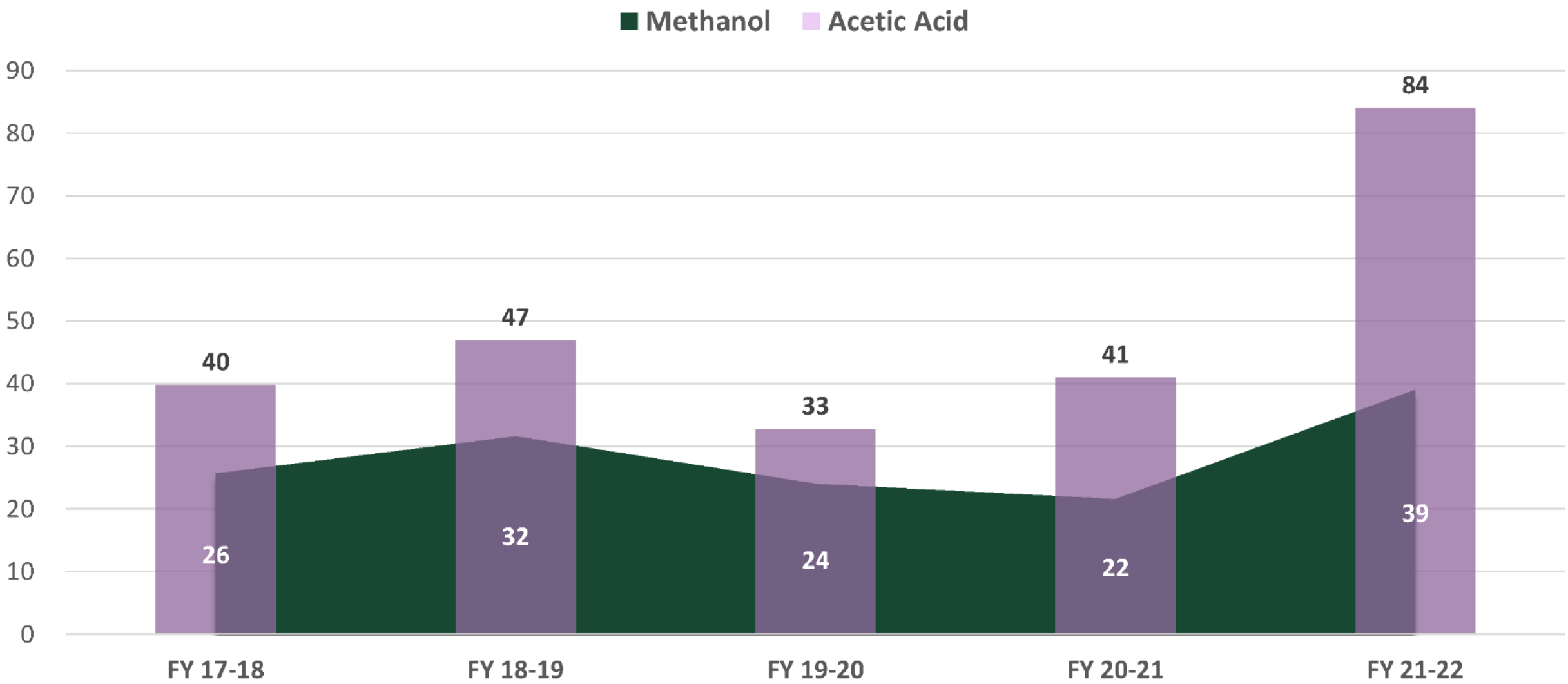
Price (₹ '000/MT)



Source: Company

Methanol – Acetic Acid

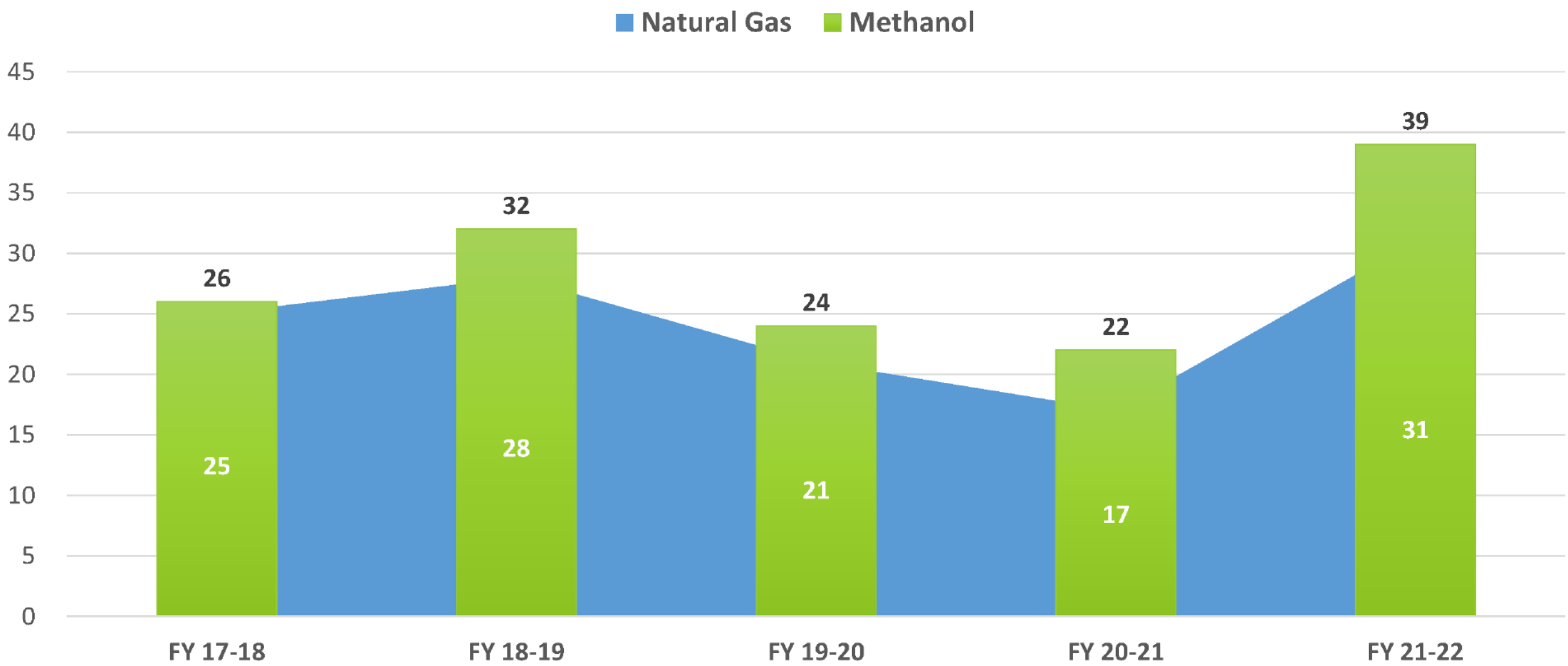
Price (₹ '000/MT)



Source: Company

Natural Gas – Methanol

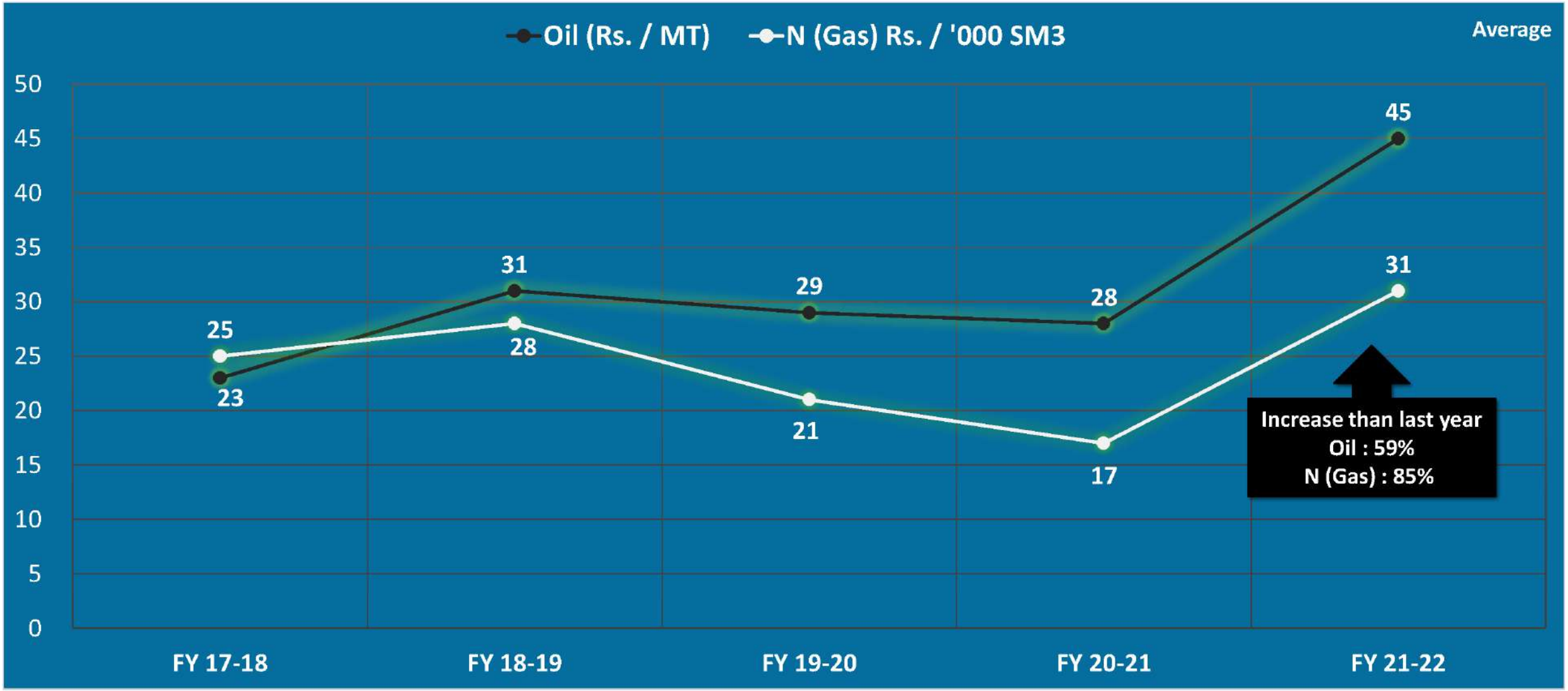
Price (NG ₹ / SM3 Methanol ₹ / kg)



Source: Company

Key Feedstock Price History

(₹ '000)



Source: Company

04

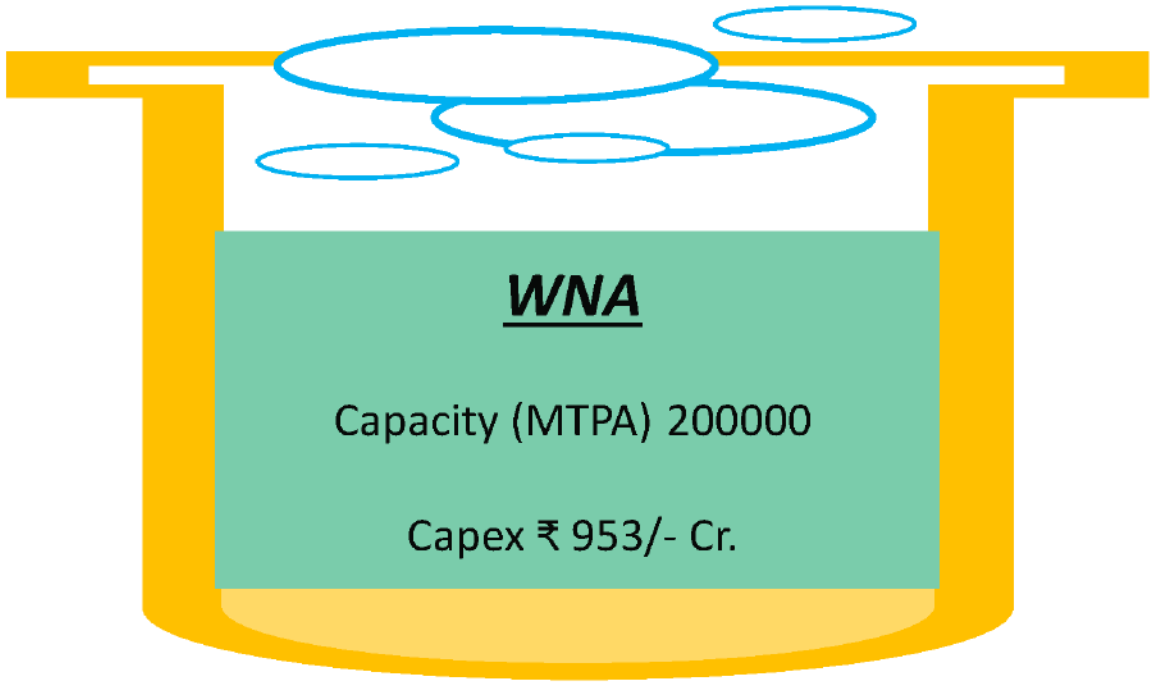
Capex Plan

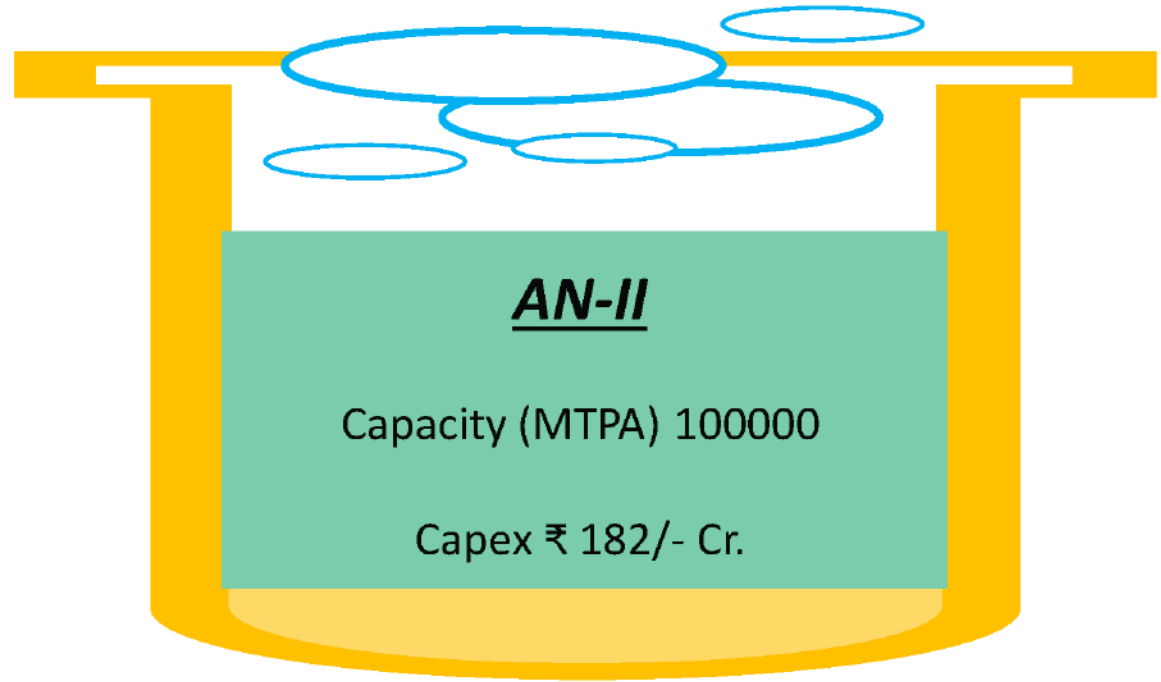
Ongoing Projects Status

Particulars	***Concentrated Nitric Acid (CNA)-IV Project***	***Formic Acid Revamp (FAR) Project***	***4 MW Solar Power Project***	***Ammonia Expansion***
Production capacity	50 KTPA	6.6 KTPA	04 MW (AC)	50 KTPA
Capex (₹ Crores)	109	83	26	218
Status	Expected by October 2022	Operational in April 2022	Expected by September 2022	Expected by June 2025
Expected incremental revenue p.a. (₹ Crores)	120	30	--	--
Advantage	Production, Sales & profitability will improve with value added product.	It will increase market share revenue and profit.	Meet RPO & reduce CO_2 emission apart from reducing power cost.	Ammonia expansion will provide reliability & apart from energy saving worth ₹ 30 Cr/Yr. it will act as source of captive availability for downstream products.

Future Projects

Focusing on the core capabilities & existing strengths, the board has already accorded in-principle approval for expansion plans for these major chemicals

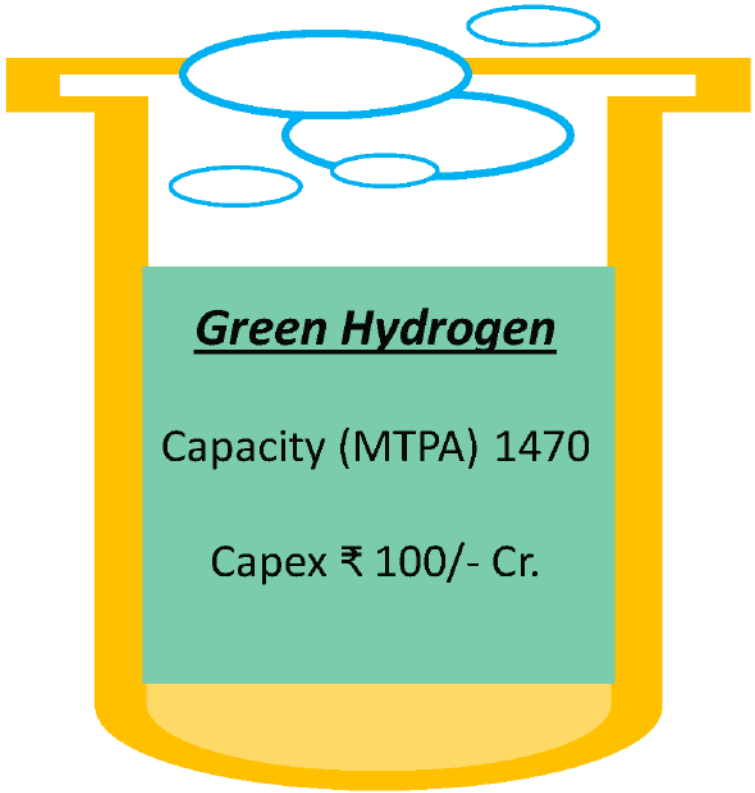


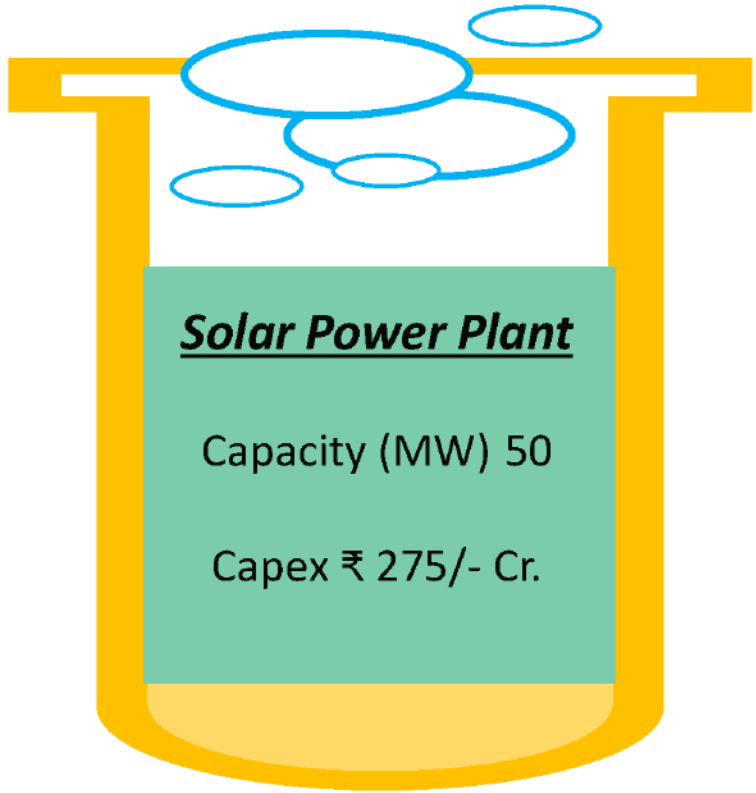


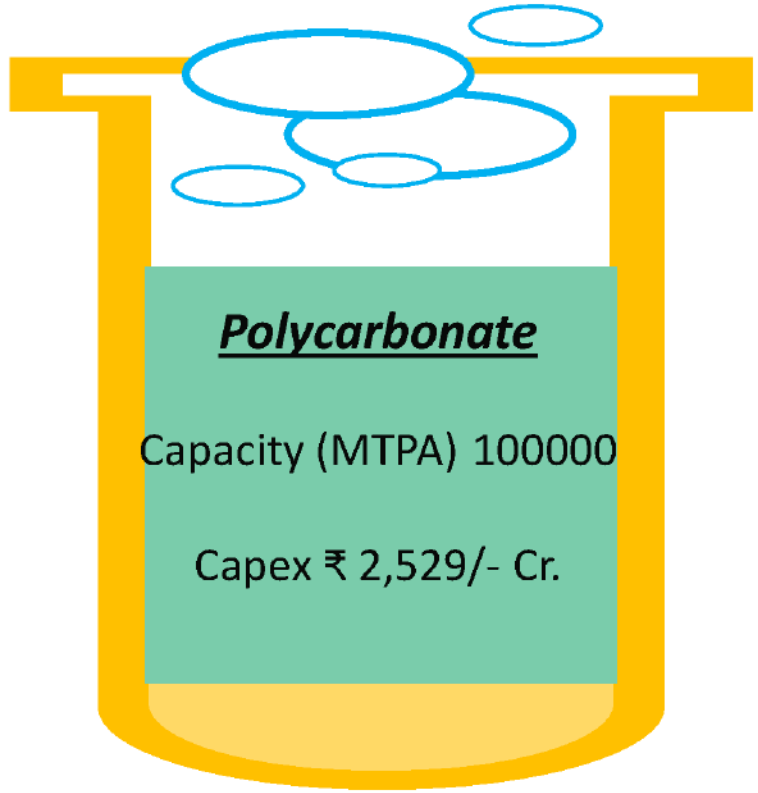
Advantages:

- WNA & AN-II will augment GNFC's market share and competitiveness.
- Above projects will improve the balance sheet of the company by expected increase in Annual turnover by about ₹. 200 Crores[WNA] & ₹. 200 Crores[AN-II], as partial WNA will get consumed in AN-II.

Projects Under Consideration







Advantages:

- Journey towards Green Industrial Production
- Polycarbonate projects will improve the balance sheet of the company by expected increase in Annual turnover by about ₹. 1500 Crores.

05

Business Outlook

Business Outlook

- ✓ *No major demand disturbance in business is anticipated.*
- ✓ *Chemical buoyancy continues and segment should perform better, Products like Weak Nitric Acid, Concentrated Nitric Acid, Ammonium Nitrate and Technical Grade Urea continues to witness robust offtake.*
- ✓ *With NBS rates already announced till September, 2022, mix fertilizer margins should remain to some extent protected.*

THANK YOU

For any query please write to investor relation cell at: investor@gnfc.in