

Gujarat Fluorochemicals Limited

Earnings Presentation

Q2FY21



DISCLAIMER



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These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond GFCL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements.

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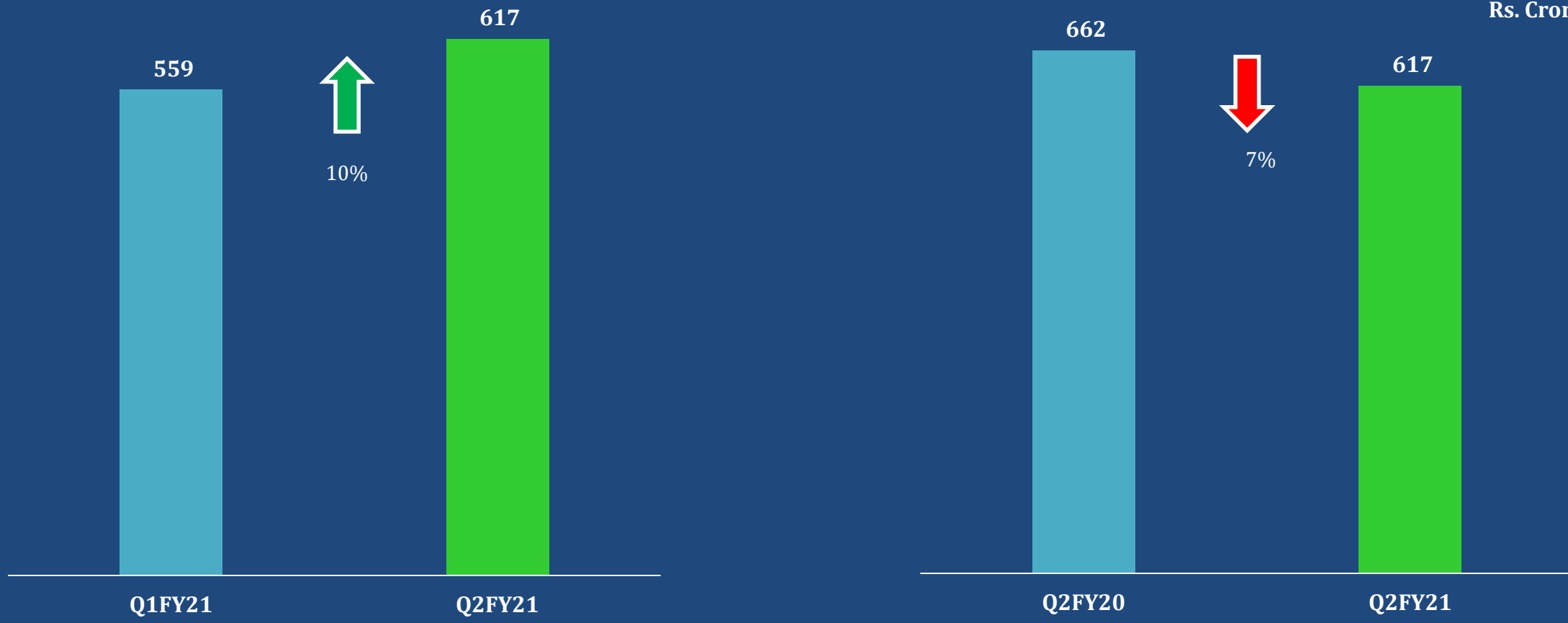
FINANCIAL RESULTS OVERVIEW



REVENUES FROM OPERATIONS



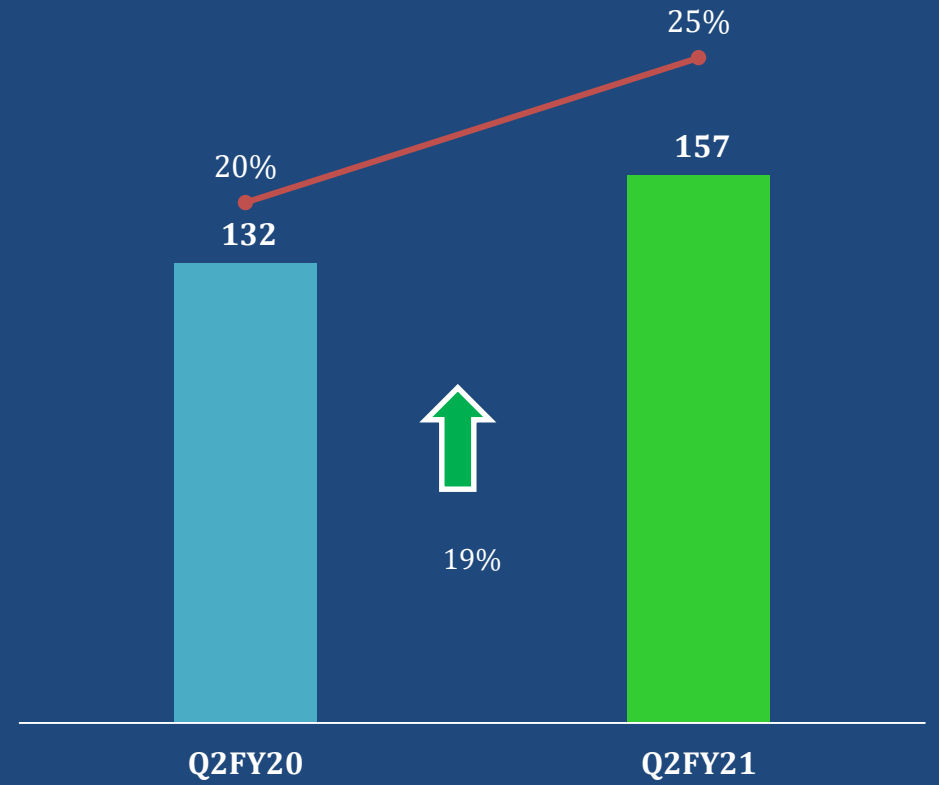
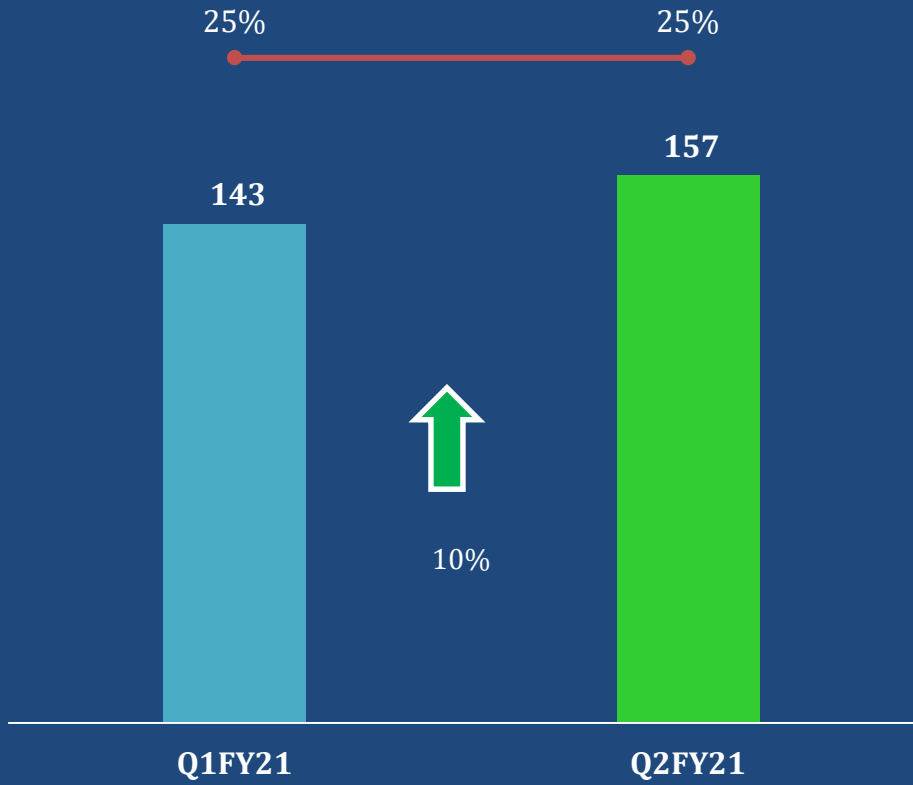
Rs. Crores



EBITDA AND EBITDA MARGIN



Rs. Crores



■ EBITDA — EBITDA %

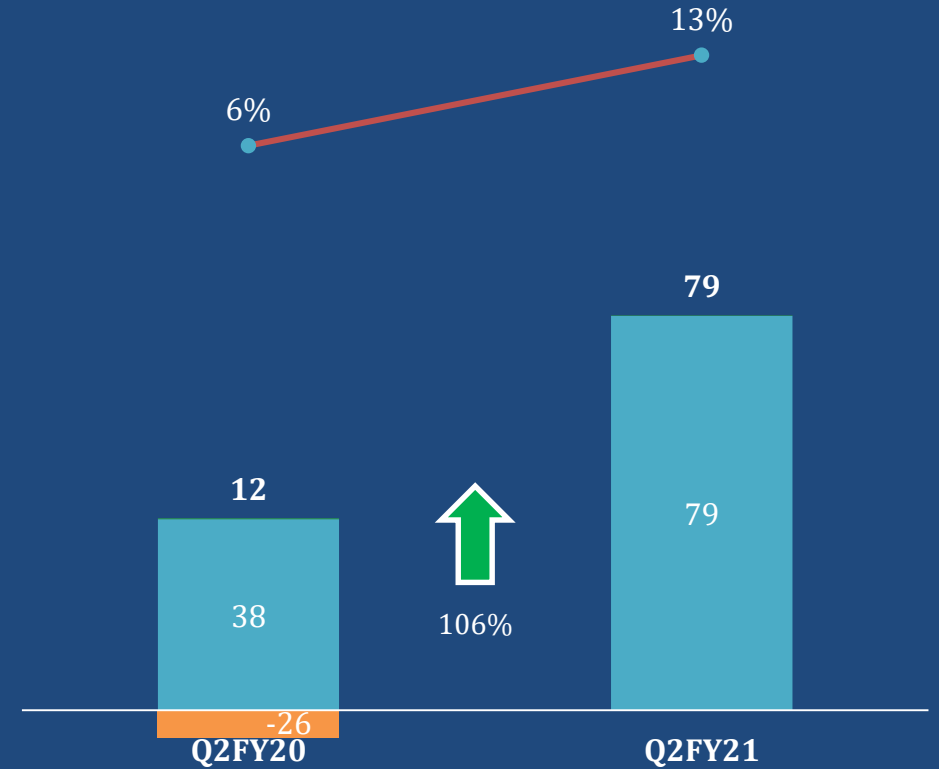
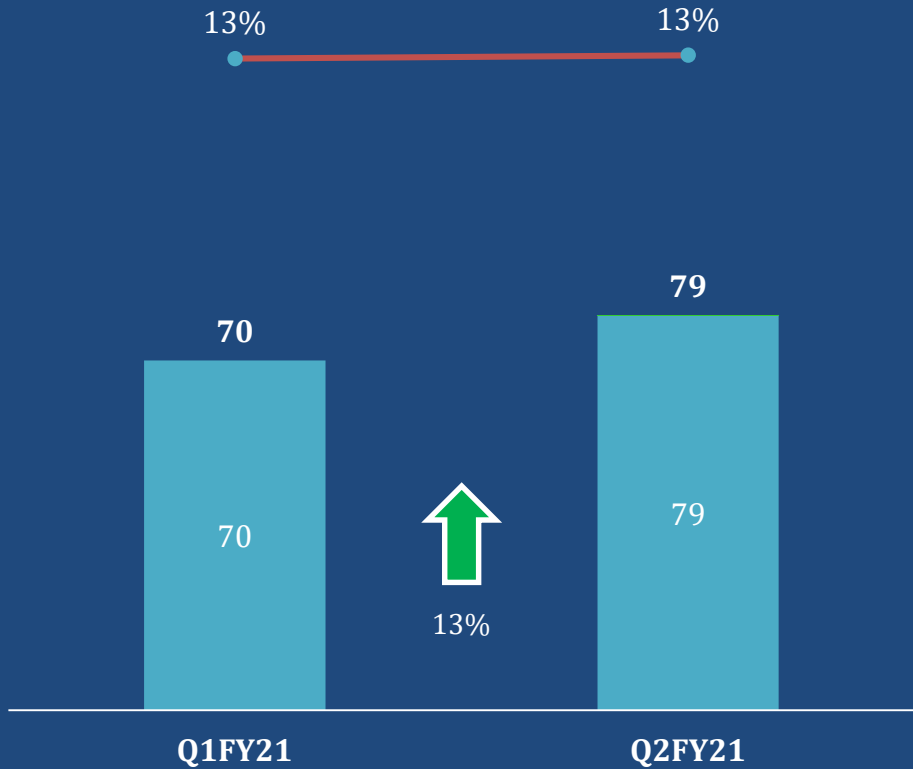
■ EBITDA — EBITDA %

Note: EBITDA excludes Other Income

PAT AND PAT MARGIN



Rs. Crores



Note: PAT and PAT Margin is without considering IT Credit and Exceptional Items 7

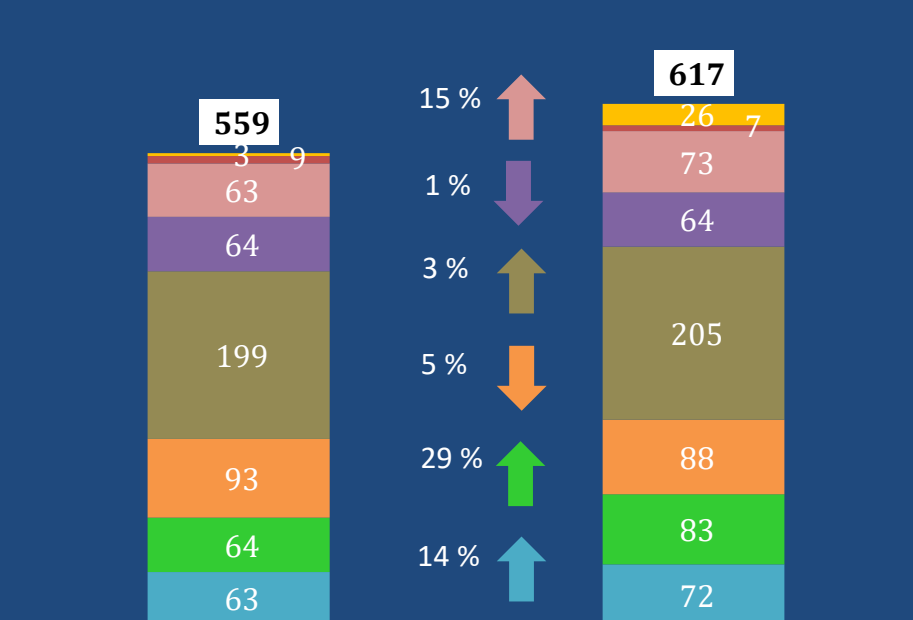
SEGMENTAL PERFORMANCE



REVENUES FROM OPERATIONS - BREAKUP



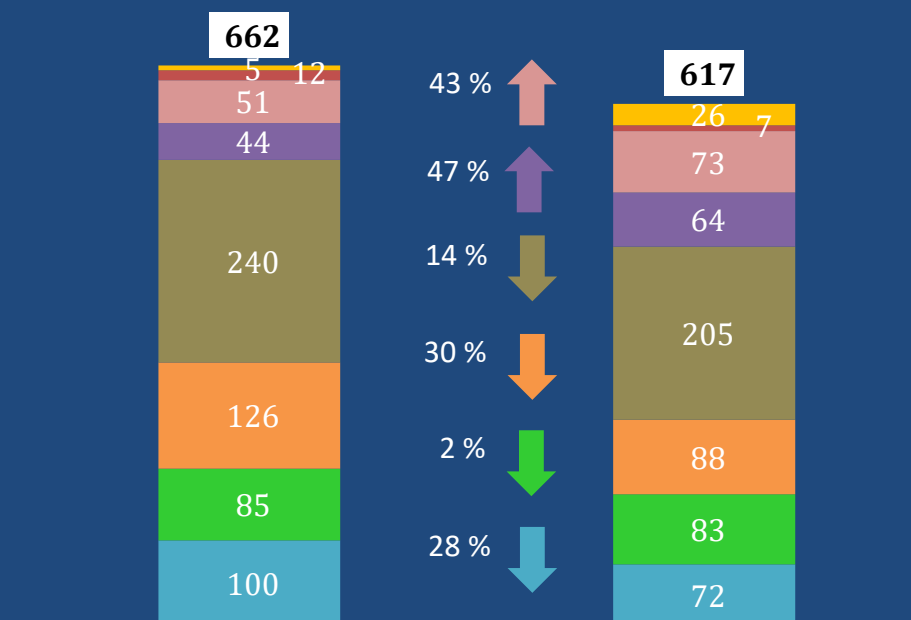
Rs. Crores



Q1FY21

Q2FY21

- Caustic Soda
- Refrigerant Gases
- New Fluoropolymers
- Others
- Chloromethanes
- Poly Tetrafluoroethylene
- Fluorospecialty Chemicals
- Contra on Consolidation



Q2FY20

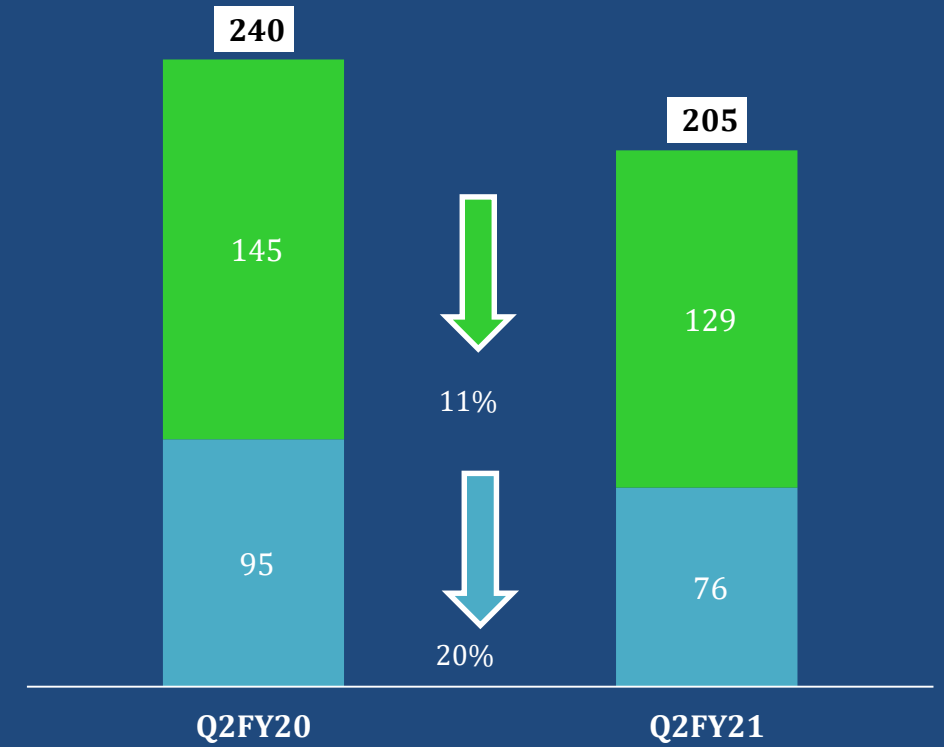
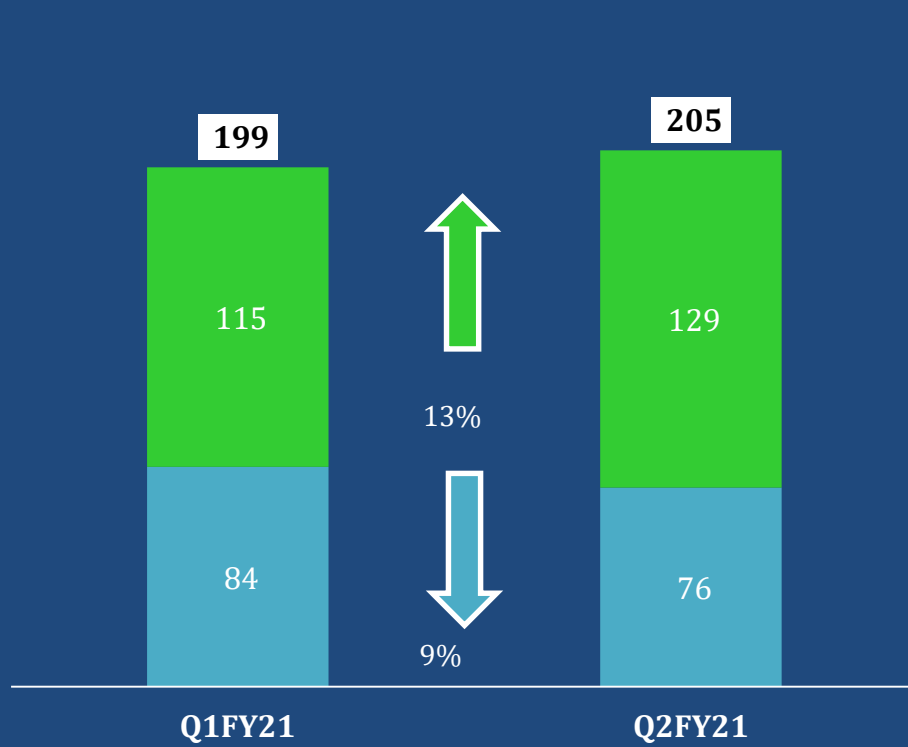
Q2FY21

- Caustic Soda
- Refrigerant Gases
- New Fluoropolymers
- Others
- Chloromethanes
- Poly Tetrafluoroethylene
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PTFE REVENUES - BREAKUP

Rs. Crores



■ Regular Grade ■ Value Added Grade

■ Regular Grade ■ Value Added Grade

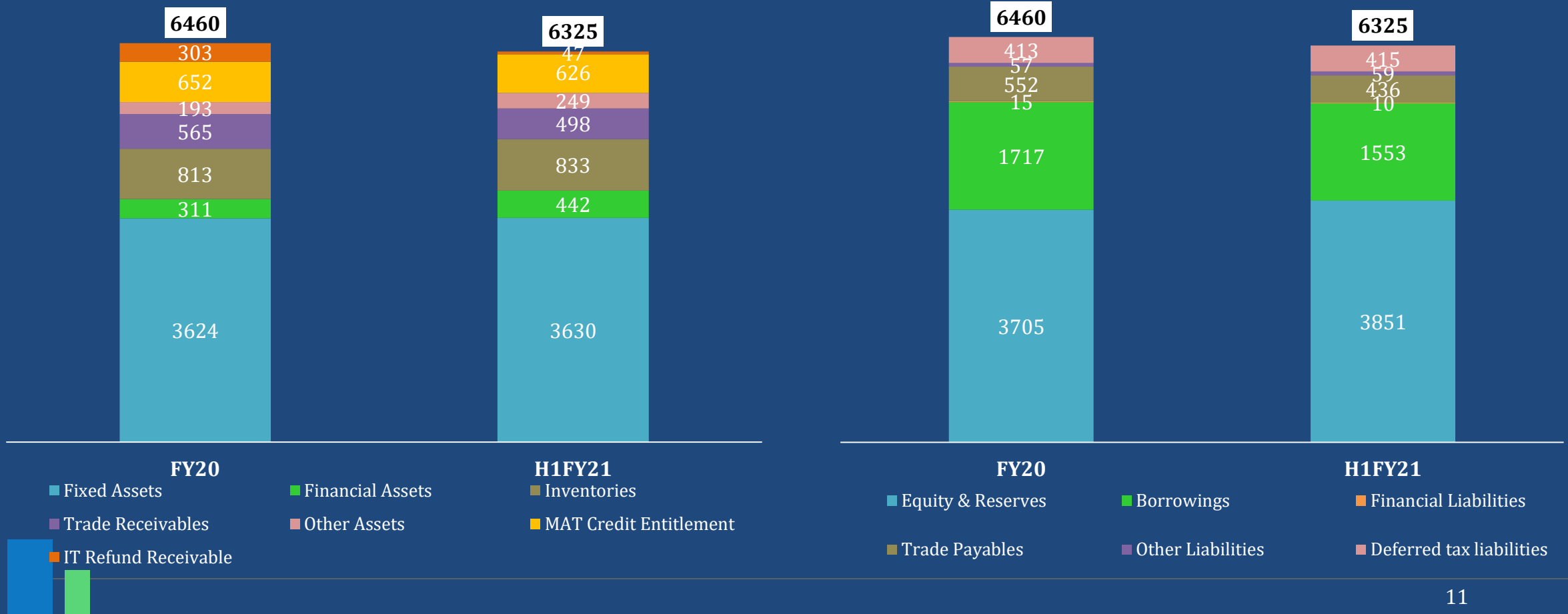


BALANCE SHEET BREAKUP

ASSETS

LIABILITIES

Rs. Crores



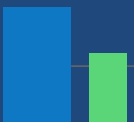
SEGMENT-WISE OUTLOOK



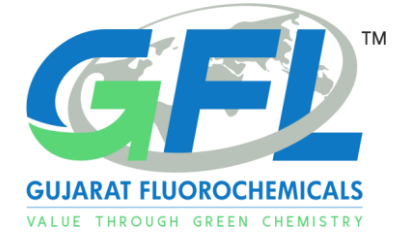
CAUSTIC SODA



- Current position
 - Plants capacity utilization increased to 90% in Q2FY21 (from 80% in Q1FY21).
 - Plants are now currently running at full capacity.
 - Caustic soda prices continued to be adversely impacted both because of curtailed demand because of Covid and surplus capacity which has been set up.
- Future Outlook
 - Prices are expected to remain depressed for the next 2-3 quarters
 - To reach full capacity utilization by the end of the current quarter



CHLOROMETHANES



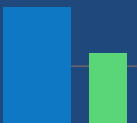
- Current position
 - Production was impacted in Q1FY21 due to Covid lockdown
 - Plants are now running at full capacity
 - Demand for MDC, used mainly for pharma sector, remains strong
- Future Outlook
 - Prices and demand are expected to remain stable



REFRIGERANTS



- Current position
 - Demand is expected to remain suppressed in Q3FY21, due to seasonality and expect to normalize by Q4FY21.
- Future Outlook
 - Production will continue to increase due to the rising feedstock requirements.
 - Prices of refrigerants expected to remain stable.



PTFE



- Current position

- PTFE sales were adversely impacted as demand fell both in the domestic and overseas markets because of Covid related lockdowns
- In Q2FY21 domestic demand is back to about 85% and overseas demand to about 75% of pre-covid levels.
- Prices remained more or less stable.

- Future Outlook

- By end of Q3FY21, it is expected that domestic demand should reach 90% of pre-covid levels and overseas demand around 80% of pre-covid levels.
- With demand growth coming back, we expect to achieve full capacity utilization by Q1FY22.
- Prices are also expected to remain stable in coming quarters.



NEW FLUOROPOLYMERS



- Current position
 - Capacity of about 700 MT has been set up for 6 new fluoropolymers (FKM, PFA, FEP, PVDF, PPA, and micro powders)
 - Capacity utilization in Q2FY21 is around 35% as against 30% in Q1FY21.
 - Various grades under each polymer have been established and are in the process of customer qualifications and commercial ramp up
 - There has been delay in getting final customer approvals for a few of the grades as many overseas customers are grappling with limited manpower due to Covid
 - Sales of established products were also impacted because of Covid related demand erosion
- Future Outlook
 - As most grades are now developed, we expect to reach 50% capacity utilization by end of this financial year and 100% by Q4FY22.



FLUOROSPECIALTY CHEMICALS



- Current position
 - 7 products have been fully commercialized.
 - Capacity utilization is at around 45% up from 35% in Q1FY21.
 - Capacity utilization is still low due to Covid-19 related hangover impacting material availability.
 - Demand for all these products remains strong and we expect to achieve 80% capacity utilization by the end of Q3FY21.
 - Plants for additional 4 products are under final stages of implementation and will be fully commissioned by end of this financial year
- Future Outlook
 - Because of increasing demand and also a strategic need of both domestic and overseas customers to de-risk from China , there is increasing demand for new molecules by the agro and pharma industry.
 - Several new products have been developed in house by our R&D teams based on which additional capex of Rs 300-350 crores is envisaged.



OUTLOOK

- Company's performance in coming quarters is expected to be driven by 4 factors:
 - ✓ Improved capacity utilisation in PTFE, addition of about 400 tons per month
 - ✓ Ramping up market volumes and capacity utilisation of New Fluoropolymers, addition of another 450 tons per month
 - ✓ Full commercial production from all 13 Fluorospecialty Chemicals, addition of 4 more molecules
 - ✓ Significant cost reductions in manufacturing cost including energy cost
- All growth is expected to come from products / segments that have a higher profit margin, thus improving the margin profile of the Company
- All capex required for above capacity is already incurred, and no additional capex expected for present product lines
- Debt levels are expected to be pared down, improving leverage, from:
 - Operating cash flows
 - Working capital optimization
 - Income tax refunds received

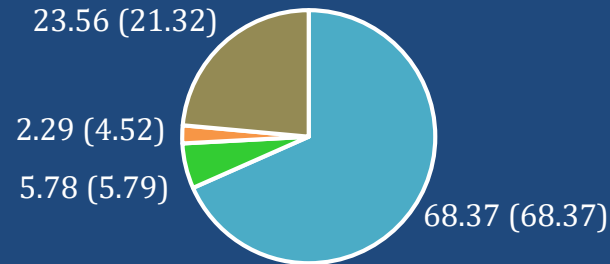
SHAREHOLDING STRUCTURE



Share Price Performance



% Shareholding - October, 2020



■ Promoter & Promoter Group,
 ■ DII
 ■ FII
 ■ Public / Others

Key Investors -October 2020	As on 31.10.2020 (BSE)
Market capitalization (Rs .Cr)	5264.01
Price (Rs.)	479.20
Face Value (Rs.)	1
52 week High-Low (Rs.)	698-219

Key Investors -September 2020	% Holding
HDFC Mid Cap Opportunities Fund	2.41%
HDFC Small Cap Fund	1.87%
Aditya Birla Sun Life Midcap Fund	0.86%
Aditya Birla Sun Life small cap Fund	0.57%
Dimensional Emerging Markets Value Fund	0.35%
India Opportunities Growth Fund Ltd - Pinewood Strategy	0.26%
DFA Investment Dimensions Equity Portfolio	0.20%
The Emerging Markets Small Cap Series of the DFA Investment Trust Company	0.20%
Ishares Core Emerging Markets Mauritius Co ,	0.19%
Blue Lotus Investment Fund	0.18%

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