GUJARAT FLUOROCHEMICALS
VALUE THROUGH GREEN CHEMISTRY
CIN : L24304GJ2018PLC105479

Gujarat Fluorochemicals Limited

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GFCL: BRD: 2022

20th May, 2022

The Secretary
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Dalal Street, Mumbai 400 001
Scrip code: 542812

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Scrip Code: FLUOROCHEM

Sub:- **Intimation under Regulation 30 and 46(2)(ao) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Transcript of Earnings Call with lnvestors /Analysts held on 13th May, 2022**

Dear Sir/Madam,

With reference to our letter dated May 10, 2022, and pursuant to Regulation 30 and 46(2)(ao) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We are enclosing herewith the Transcript of Earnings Call with lnvestors /Analysts held on 13th May, 2022, at 16:00 (IST) pertaining to the Audited Financial Results of the Company for the quarter and year ended 31st March, 2022.

You are requested to take the same on record.

Thanking You

Yours faithfully,

For Gujarat Fluorochemicals Limited

Bhavin Desai
Company Secretary

GUJARAT FLUOROCHEMICALS LIMITED
VADODARA

Enclosed:- As above

"Gujarat Fluorochemicals Limited
Q4 FY2022 Earnings Conference Call"

May 13, 2022

ANALYST:	**MR. NITIN AGARWAL – DAM CAPITAL ADVISORS LIMITED**
MANAGEMENT:	**MR. VIVEK JAIN – MANAGING DIRECTOR**
	DR. BIR KAPOOR - CHIEF EXECUTIVE OFFICER
	MR. V. K. SONI – HEAD (PROJECTS AND NEW INITIATIVES)
	MR. MANOJ AGRAWAL – CHIEF FINANCIAL OFFICER
	MR. VIBHU AGARWAL – HEAD (INVESTOR RELATIONS)

Moderator: Ladies and gentlemen, good day and welcome to the Gujarat Fluorochemicals Q4 FY2022 Earnings Conference Call, hosted by DAM Capital Advisors Limited. As a reminder, this call will be recorded. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the 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. Nitin Agarwal. Thank you and over to you, Sir!

Nitin Agarwal: Thanks, Peter. Good afternoon everyone, and a very warm welcome to Gujarat Fluorochemicals Post Results Earrings Call after Q4 Results hosted by DAM Capital Advisors Private Limited. On the call today representing Gujarat Fluorochemicals Management we have Mr. Vivek Jain – Managing Director, Dr. Bir Kapoor - Chief Executive Officer, Mr. V. K. Soni – Head (Projects and New Initiatives), Mr. Manoj Agrawal – Chief Financial Officer and Mr. Vibhu Agarwal – Head – Investor Relations. I will hand over the call now to Mr. Manoj Agrawal from the management team to take it forward from here on and please go ahead, Sir.

Manoj Agrawal: Thank you very much Nitin. On behalf of Gujarat Fluorochemicals Limited, I would like to extend a very warm welcome to all participants. We are happy to inform that the Board of Directors of Gujarat Fluorochemicals Limited at its board meeting approved the financial results for the company for Q4 FY2022. The financial results are uploaded on the websites of the stock exchanges, both BSE and NSE, as well as the website of the company. We have also uploaded the earnings presentation for Q4 FY2022. I will take you through the presentation initially and then we can open the call for any questions that you all might have.

Starting with the highlights for the financial year 2022, the consolidated revenue for FY2022 was at Rs. 3954 Crores as compared to Rs. 2651 Crores for FY2021 that is up by 49% on year-to-year basis.

Consolidated EBITDA for FY2022 stood at Rs. 1198 Crores as against Rs. 638 Crores for FY2021 up by 88% on year-on-year basis. The EBITDA margins for FY2022 clocked at 30% for FY2021 this was at 24% up 6 basis points.

Consolidated PAT for FY2022 was Rs. 775 Crores as against Rs. 355 Crores for FY2021 that is up by 118% on year-on-year basis.

Other operational highlights are: Company has commenced export of R142b and R125, Lithium-ion Battery chemical projects under construction and progressing as per schedule. Other new projects and additional capacity announced earlier are also progressing as per schedule.

Now we would like to give you the detailed overview of the financial performance during the quarter for each of the components. Consolidated revenue for the quarter Q4 FY2022 stood at Rs. 1074 Crores which is 28% higher than the revenues for Q4 FY2021 which were at Rs. 840 Crores.

EBITDA for Q4 FY2022 stood at Rs.331 Crores as compared to Rs. 195 Crores in Q4 FY2021 up by 70%. As far as PAT is concerned, PAT for Q4 FY2022 is at Rs. 217 Crores up 97% from Q4 FY2021 which were at Rs.110 Crores. So this was the brief financial overview of the company for the quarter-on-quarter basis at the aggregate level.

Now if you look at the performance of the various business verticals. Caustic soda revenue for Q4 FY2022 stood at Rs.169 Crores as compared to Rs. 82 Crores in Q4 FY2021 up 106%. The caustic soda plants were running at the full capacities during the quarter barring plants annual shutdown which was taken by the company during the quarter. As we have mentioned in the earlier call also the caustic soda prices which were increased sharply during the last quarter have now been stabilized. There has been an increase in the cost because of elevated energy prices.

Chloromethane revenues for Q4 FY2022 stood at Rs. 91 Crores as compared to same numbers in Q4 FY2021 that is almost flat. Chloromethane revenues during the quarter when compared to the previous quarter of Q3 FY2022 is down by 38% from Rs. 146 Crores on sequential basis. This is essentially due to the prices of MDC which we have picked up in Q3 have been moderated in Q4. As indicated in the previous earning calls also prices are likely to be impacted going forward as additional domestic capacity are expected to be commissioned.

Refrigerant revenues for Q4 FY2022 stood at Rs.78 Crores which was Rs. 93 Crores in Q4 FY2021 thus having a marginal degrowth of 16%. But demand is expected to start extending from Q1 FY2023. Company has also started export of R125 which is expected to grow going forward.

PTFE sales for Q4 FY2022 were at Rs. 451 Crores as compared to Rs. 290 Crores in Q4 FY2021 up 56% gaining significantly on account of rise in both prices and volume due to robust demand across all geographies and applications. Company has also planned the capacity augmentation in line with the demand growth. As regard to new polymer vertical is concerned, new fluoropolymer sales were at Rs. 183 Crores up 59% as compared to Rs. 115 Crores in the same quarter previous year that is Q4 FY2021.

Capacity utilization during the quarter declined by the availability of PTFE due to plant shutdown which was not available for the feed stock for micropowders. The overall capacity utilization for new fluoropolymer verticals in Q4 FY2022 was around 65% on account of limited availability of R142B however from Q1 FY2023 with own stable 142B production the capacity utilization is expected to improve further and we also expect to reach almost full capacity utilization by end of Q1 FY2023.

There is substantial increase in demand for FKM, PVDF and micropowders which will be made with the additional capacity expected to be commissioned over next two quarters. As already indicated earlier company has also commenced export of R142B and VDF.

Specialty chemical verticals which was hampered due to fire incident is down by 38% from Rs. 92 Crores to Rs. 57 Crores when compared on same quarter previous year Q4 FY2021.

The production and sales during Q4 FY2021 marginally improved from the previous quarter which was impacted due to fire incident. Three new plants are expected to be commissioned by Q1 FY2023 the commissioning of these plants which was expected in Q4 FY2021 have been delayed due to supply chain issues. We envisage further increase in revenues from Q2 to FY2023 with the new plants getting operational. Thus the company has posted an all-round growth in most of the business verticals surpassing the revenues and profit achieved in FY2021 by substantial margin.

As regards to capital operating efficiencies, the ROCE has improved from 11.92% to 24.48% and ROE has improved from 9.87% to 20.1% as compared to FY2021. ROCE is expected to further improve given the higher margins from the incremental sales of existing as well as new product profiles. Under debt front company is virtually debt free with net debt equity ratio reduced to 0.26 from 0.33 in FY2021. We intend to reduce this further so as to be a zero debt company in near future.

Our continuous focus and efforts has resulted in reduction of working capital cycle from 168 days as on March 31, 2021 to 120 days as on March 31, 2022. Company has further increased its planned capital expenditure outlay by around 300 to 400 Crores during FY2023 to meet the increased demand. We expect all this initiative to offer a sustained business growth for the foreseeable future with higher margin will lead to further improvement in our financial performance.

So that ladies and gentlemen is a walkthrough to the presentation. I would like now like to open this up for any questions that you might have that we will try to answer. Thank you.

Moderator: Thank you. We will now begin the question and answer session. Our first question is from the line of Sanjesh Jain with ICICI Securities. Please go ahead.

Sanjesh Jain: Good afternoon everyone, thanks for providing this opportunity. Few questions from my side, first on the Capex guidance. For FY2023 we have earlier said that we will incur a 900 Crores of Capex which I think we have revised it to 1150 Crores this year it is an increase of 250 Crores can you walk us through what is the incremental investment going into, which are the products, that is number one. Number two it will be very helpful if you can give us 1150 Crores of Capex what all the things which we can expect to commercialize in FY2023 and what are the commercialization pending from the FY2022. So just wanted to understand what are the capacities we expect to commission in FY2023 that is first on the Capex side. I will ask the question as we go. It will be helpful if you can answer this first.

V.K.Soni: Regarding the Capex a rough breakup of 1150 Crores against 900 Crores we told earlier there was an increase of 250 Crores because of some of the capacities we have advanced from the following year FY2024 because of the increase in the market. So roughly the breakup would be it includes specialty chemicals including lithium complex which is about 300 Crores it includes new fluoropolymers including new age fluoropolymers going into film for the solar that is about 300 Crores and we also have backward integration into VDC as well as some refrigerants capacity and so this is about 250 Crores and the balance about 300 Crores is for wind power and miscellaneous debottlenecking.

Sanjesh Jain: So, we do not expect anything to spend on PTFE during FY2023 because I think we are running at a full capacity there right.

V.K.Soni: Yes PTFE is covered under the debottlenecking which I mentioned. As I mentioned last time we are debottlenecking capacity by about 20% so that is covered in that investment, that is not a different new plant, this is just debottlenecking.

Sanjesh Jain: Second one on the R142B and R125 which we said that we have already started exporting. It will be very helpful if we can provide what are the capacities do we have in our 125 and 142B that is sellable to the external market and how much of that we think we will be able to place in FY2023 considering that this is our first year for these products.

Vivek Jain: R125 I will not be able to give you the exact capacities, but we are expecting that we will be able to export about 4000 to 5000 tons during this year.

Sanjesh Jain: That is a possibility and on R142B.

Vivek Jain: R142B and VDF again, PVDF exports will depend upon our own internal consumption and as Mr. Soni mentioned that we have prepone some of the investments in new florapolymers such as PVDF and FKM to this year because the demand is very strong and to fulfill that demand we have decided to prepone so our own requirement for R142B will increase. To the extent that there is a gap between our own demand and our production capacity we will continue to export both R142B as well as VDF. So I would expect that in the next 12 months we should be exporting equivalent to about 500-odd tons of 142B per month from perhaps I would say August onwards we should be in a position to export about 500 to 600 tons equivalent R142B.

Sanjesh Jain: And we are confident of having that VCM to VDC by then right and that will help us to produce more.

Vivek Jain: Yes VCM to VDC we should have it by March next year. We are trying to commission it by the end of this year but in our own planning we have assumed it to be by March 2023.

Sanjesh Jain: One small bookkeeping question what was the loss because of the incident in Ranjit Nagar we have mentioned that we have claimed an insurance for 27 Crores in the report plus why there was such a large planned shutdown and what was the total impact of this planned shutdown on the EBITDA for this quarter.

Manoj Agrawal: See if you see there is a two component to the overall insurance losses. One was your material damage which is around to the tune of 43 Crores other one was business loss which is due to interruption that is around 27 Crores and there are some additional expenses which got incurred in terms of compensation, medical expenses and other things to the tune of 7 Crores. So these are the three figures which has impacted. As regards to material damage is there, there is no P&L impact because it is just removed from the block of the property plant and equipment and move to the insurance claim receivable.

Sanjesh Jain: And what was the impact of planned shutdown for the maintenance which we have mentioned for quite a few plant in the presentation what was the impact of that.

Manoj Agrawal: Yes, because insurance policies normally have the compulsory deductible to the tune of 7 to 14 days depending upon your size of the policy whether it is a makeup policy or regular policy.

Sanjesh Jain: No I am not talking about that I am asking about the planned maintenance shutdown which we took in quite a few plants.

Manoj Agrawal: That is 7 to 10 days and that impact may not be precisely computed actually because there are various stages of the shutdown, different plants and different products. So that may be have 7 to 10 days impact.

Vivek Jain: So I think what you are asking about is the plant shutdown on the TFE side where there was an unplanned shutdown in TFE during this quarter which resulted into some loss of production of PTFE.

Sanjesh Jain: Correct that is what I was asking. One last quick from my side. Now that we are running PTFE at a full capacity is there any scope to debottlenecks using more PTFE capacity for FY2023 or FY2023 will predominantly we will just ride the benefit of the price hike which has been taken so.

Vivek Jain: So, we are working at debottlenecking and I think that exercise will take us a couple of months and subsequent to that as Mr. Soni mentioned we expect about 20% of capacity increase which would be about 200 to 300 tons per month additional PTFE available which might happen from the last quarter of this financial year.

Sanjesh Jain: Fair Sir. Thanks for patiently answering all the questions and best of luck for coming quarter.

Moderator: Thank you. Next question is from the line of Ketan Gandhi with Ambit Securities. Please go ahead.

Ketan Gandhi: As a follow-up on the previous question that loss of business of 28 Crores has been expensed out or it is the balance sheet item, I mean, it has been reduced from the assets.

Manoj Agrawal: No actually loss of business is partly expensed out indirectly because we cannot record that around 14 days of your compulsory deductible. Partly we have recorded and net of expenses will be 20 Crores so roughly 28 Crores will be a loss which is got indirectly billed into the P&L and 20 Crores could be recouped because of LOP policy.

Ketan Gandhi: So 28 Crores is P&L item and another 7 Crores is also P&L item.

Manoj Agrawal: Yes

Ketan Gandhi: In January we have taken the price hike of the PTFE. So currently it is stable, I mean, the high price hike is stable or further increase is there in the PTFE price.

Vivek Jain: Yes, so the prices which we have introduced in the last quarter and from January onwards they have now more or less being accepted by the customers. So this quarter we will see the full impact coming in.

Ketan Gandhi: Great Sir, I have a few questions I will join back in the queue. Thank you.

Moderator: Thank you. Next question is from the line of Vishal Prasad with VP Capital. Please go ahead.

Vishal Prasad: Hi! Good evening. It is good to see the kind of work that we are doing. I have two, three questions. So if we look at the new age industry verticals specifically EV and hydrogen cells these are the areas where it is extremely difficult for a new player to get in given the scale of Capex that we are planning to do, I mean, I am sure you guys will be having a plan that you will execute, but is it possible for you to help me properly understand what gives us the confidence that we will be able to sell our products, who would be our customers like battery manufacturers or some middlemen what kind of contracts we would be having like if I look at PTFE or current things that we are doing in North America and we have short-term contracts we do not get into long-term contracts. So in battery chemicals are we looking at long-term contracts and any other thing that will help me understand whatever you have in mind that will be really helpful?

Vivek Jain: Well eventually in battery chemicals we will get into some kind of long-term contracts though at this point of time it is still too early for us to say anything beyond that. Our plant will be as we said will probably be commissioned by the end of this year and will take maybe a quarter or two for the product quality to get stabilized and getting the initial approvals from customers but we would expect that and from whatever initial discussion which we have had with potential customers they would be looking for longer-term contracts.

Vishal Prasad: Yes, that could be on contracts but are we selling our products directly to the end battery manufacturers or we will be going through somebody else who will be the prime.

Vivek Jain: No for PVDF we will be going directly to battery manufacturers and for battery chemicals we will go through companies which are putting up electrolyte manufacturing facilities in US and Europe. In India we will make electrolytes and supply directly to battery manufacturers.

Vishal Prasad: So in a typical supply chain like if they have to get a new vendor like us how much time generally they take to approve a new vendor and how does this scale up happens for the battery chemicals.

Vivek Jain: See the time it could take is three to six months for qualifications and the scale up I mean we are all aware what is going to happen as far as demand is concerned on batteries. So from 2024 onwards we are expecting large capacities to come up in Europe, US and of course the Indian battery capacity will come up too. So in the years to come I think there will be a rapid increase in demand for the products which we are offering for batteries.

Vishal Prasad: And two small questions one we are doing a lot of Capex and I understand that there is a lot of inflation happening and so what impact does inflation have on our Capex are our outflow going to increase.

Vivek Jain: Sorry I did not get your question right.

Vishal Prasad: I understand there is a lot of inflation happening in raw materials. So if I look at the Capex that we are doing in the next two, three years it is a huge amount. So do we have a number in mind which we think, I mean, probably what will be the increase in Capex because of inflation.

Vivek Jain: No, whatever number which we have given in are assuming current prices of equipment, steel, etc. So this is current pricing we have already assumed current pricing.

Moderator: Thank you. Our next question is from the line of Dhruv Muchhal with HDFC Asset Management. Please go ahead.

Dhruv Muchhal: Thank you so much. Sir on this R125 I was just reading through some documents available on web it seems our production route is using the TFE as an input which is it seems a bit different than the traditional route or I am not sure the other routes which I believe which uses perchloroethylene so is that right and because we are using TFE does it has some implication for the output of PTFE and the other downstream change that we have in polymers.

Vivek Jain: Yes we use TFE route for making 125 but we had a third TFE plant which we had commissioned about two years back which was not fully utilized. So we have enough TFE capacity available to meet our 125 export plan.

Dhruv Muchhal: And you mentioned about 4000 to 5000 tons potential export.

Vivek Jain: Yes.

Dhruv Muchhal: It seems the refrigerant market is picking up quite a bit and some of the other refrigerants are also picking up the 32, 410 and others you mentioned some comments about investing in refrigerant capacity. So are there any plans for some of the other refrigerants as we are seeing 125 you already have R22 and some of the other refrigerants.

Vivek Jain: Yes, we are exploring the possibility we might have some investment going into one of the existing refrigerants.

Dhruv Muchhal: So the 250 Crores investment you mentioned for backward integration to VDC and refrigerant capacity this includes some of the new refrigerants or that will come up later.

V.K.Soni: Actually that included the debottlenecking of the existing refrigerants like R22 and for 125 etc. The new refrigerant which we are planning is just on the plan we will firm up the plants and then inform.

Dhruv Muchhal: And one last question I have more questions but I will then join the queue. Is it possible to share what was the effective utilization this quarter for PTFE.

Vivek Jain: This quarter except for another TFE one of the TFE plants which are going to be as part of the planned shutdown. It should be at about 90%-95% of our existing capacity.

Dhruv Muchhal: No, I mentioned Q4 the quarter gone by.

Vivek Jain: The quarter gone by right Dhruv.

Dhruv Muchhal: Yes Q4 FY2022.

Vivek Jain : As we announced we have taken a shutdown in one of the TFE plants. So the quantity production of PTFE got impacted only to that extent otherwise it is operating at full capacity.

Dhruv Muchhal: Because even if I assume about 85% utilization some random quick numbers. I get a PTFE realization of at least around $13 to $15. So I am just trying to understand is this a fair number to work with as we are going ahead and looking in the outlook for PTFE or do you think this is a bit abnormal and there could be some relaxations here.

Vivek Jain: Sorry what number did you say 13 to…

Dhruv Muchhal: $13 to $15 per kg.

Vivek Jain: Yes, I think that number will stay maybe there might be some improvement, but that number will stay.

Dhruv Muchhal: Because this is a decent improvement over the couple of quarters back these are also again back of the envelope calculations.

Vivek Jain: Because the market has been fairly robust and of course there has been some certain amount of cost push but the grades which we have developed the demand for those products is very strong and that is the reason why it has enabled us to revise our prices upwards and the demand still continues to remain fairly strong

Dhruv Muchhal: Sure nice. Thank you so much and appreciate the dividend. Thank you so much. I will join the queue. Thank you.

Moderator: Thank you. We will take the next question from the line of Hansal Thacker from Lalkar Securities. Please go ahead.

Hansal Thacker: Hi! Good afternoon and congratulations on another great quarter and thanks for the opportunity. Quick question just wanted to know where are we in terms of our new age verticals as in from the point of view of plant readiness, trial production, etc., for the electrolyte salt and the hydrogen PEMs the solar obviously you mentioned will start next year. So if you could throw some light on this, I will appreciate it.

V.K.Soni: Starting with the battery chemicals for the EV batteries our plant for the main salt LIPF6 is under construction it should be ready by end of this year and with validation we should have commercial product ready in the first quarter of next calendar year and regarding the other product PVDF for the binder for cathode the product is already available for sampling and validation has been in progress and that product would be available for commercial sale in next two quarters. Other than this our new age as you mentioned rightly the PVDF film that will be commissioned next year which is for the solar back sheet application, the other major project is the hydrogen proton exchange membrane for the electrolyzers and for the fuel cells. So there the technology is under development and the project has kicked off but we will be keeping on advising you the progress it is still under development of the technology. We expect as per our current estimate expect the product to be ready for sampling by next one year.

Hansal Thacker: Wonderful Sir thank you so much for the clarity and truly we appreciate the dividend as well, and just one follow-up question on the previous question. So would it be right in assuming that the steady state profit would include this amount of 27.89 Crores which we have suffered on account of loss of profits.

Manoj Agrawal: Yes once we recoup all our plants are running up for a specialty chemical division this will be automatically recoup.

Hansal Thacker: Wonderful Sir. Thank you so much and all the best.

Moderator: Thank you. Our next question is from Rohan with Edelweiss. Please go ahead.

Rohan: Hi! Sir, good evening. First question is on our fluoropolymer business the capacity utilization was close to 65% and you have mentioned that in Q1 itself you are targeting full utilization. So just wanted to get some update that already almost one and a half months is over. So how we are on the capacity utilization on fluoropolymer and can we achieve 100% utilization or there is a further scope for taking it forward.

Vivek Jain: Yes, that is right. So after the first quarter we should almost be at full capacity utilization and as I mentioned we are putting up additional capacities for some of the fluoropolymers like FKM, PVDF and the additional product from this further expansion will start coming in by the second quarter from the second quarter onwards in this financial year.

Rohan: As of now the current capacity is fully utilized when you say fully utilized it is 100% or it can go beyond that.

Vivek Jain: Well by the end of the second quarter it would have gone beyond that because additional capacity we are currently putting up additional capacities for PVDF and FKM.

Rohan: Second is on our fluoro specialty chemicals there also we have mentioned that the three plants which was expected to actually commission in Q4 is now going to commission in Q1 just wanted to understand that though the delay probably it is because of some supply chain issues which you mentioned in the presentation this will be fully available from Q1 onward or the customer trials will begin from Q1 and the ramp up of fluoro specialty chemicals will see during the year and what is the revenue potential of these three plants commissioning in the Q1.

V.K.Soni: So out of this new product some of the products are for backward integration. So there the ramp up would be immediate because we are already making those end products. Regarding the other one products the ramp up as we know from experience it takes a few quarters because of the sampling and the other processing although during the R&D the samples were all approved, but from the actual commercial plant we will have to undergo one or two quarters of validation.

Rohan: Sir though I understand for also for the backward integration if you can give or throw some ballpark numbers the total revenue potential from this plant.

Vivek Jain: We had earlier also indicated number we expect once our specialty chemical complex is fully on, we would expect a revenue of about 600 to 700 Crores on a annual basis.

Rohan: Just last question from my side if I am allowed to ask and I will get back in the queue. On the chloromethane you have mentioned that definitely the plant was impacted because of the annual shutdown which prolonged but you have also mentioned that the current dynamics of chloromethane because of the increasing competition is seeing the fair competition in domestic market. Do you see that chloromethane business is going to be impacted in the current year and what is the capacities which are coming in this market in chloromethane.

Vivek Jain: See it is difficult to say all the prices will get impacted in the subsequent few quarters of course there has been a substantial impact from the third quarter of the last financial year and the last quarter of the last financial year there has been a decline and going forward it is still very difficult to estimate what could be the impact, there is some additional capacity which is coming up in the domestic market and we still have to wait and see what could be the potential impact as you know the demand is also going up, industry has also started exporting Methylene Dichloride, we ourselves have started exporting Methylene Dichloride it seems to be a good market so all in all we hope that it will remain stable but I think it is something which will pan out in the next one, two quarters as we move along.

Rohan: Thanks Sir. I will come back in queue for any further question. Thank you.

Moderator: Thank you. Our next question is from the line of Karan Shah with GeeCee Holdings. Please go ahead.

Karan Shah: Sir, few questions from my side. Firstly on R125 so could you quantify a ballpark number as to what could be the revenue potential from this product.

Vivek Jain: Well I do not have an immediate answer just now but as I mentioned that we would probably be able to do about 4000 to 5000 tons of R125 during this financial year. So I do not have a figure as to what would be the financial impact just now readily.

Karan Shah: And Sir what would be the overall global demand for the same like the market size.

Vivek Jain: Again I do not have an answer for that what would be the overall demand but whatever demand estimates which we have done and whatever customer feedback which we are getting we should be able to do about 4000 to 5000 tons of exports during this current financial year. The demand is pretty strong and if you look at it also the anti-dumping duty which has been announced. So the antidumping duty which has been imposed against China is also resulting into overflow of orders to us.

Karan Shah: And secondly on fluoropolymers. So what would be our current capacity in it.

Vivek Jain: That has also been there it is about 1550 tons per month currently. See the PTFE capacity is about 1550 tons per month and the new Fluoropolymers capacity is about 700 tons per month which as we mentioned is being expanded to about 1100 tons per month.

Karan Shah: I will get back the queue for follow up question.

Moderator: Thank you. Our next question is from the line of Rohit Nagraj with Emkay Global. Please go ahead.

Rohit Nagraj: Thanks for the opportunity. Congratulations on good FY2022 numbers. The first question is on wind power, so last we indicated that 20 megawatts will be commissioned by March 2022. So what is the current status of the same and we had also indicated that because of the delay in Gujarat government policy they may not able to execute the 105 megawatt which was supposed to be executed from Inox Wind so what is the status on that and again in the Capex we have said that 300 Crores of Capex for wind power. So how all these numbers reached on that. Thank you.

Vivek Jain: See as we had mentioned around 20 megawatt is currently under commissioning and there has been a delay but we expect this 20 megawatt to be commissioned by beginning of July this year and beyond that the government of Gujarat policy for captive wind is still not been announced what they have done is they have extended the current policy till 31st of July and then we have to still wait and see what is the final policy which they come out with. So depending upon that to what extent it is conducive for putting up more captive wind we will decide how much investment is actually going to be additional investment is going to be put in wind and as we have already stated before that what we cannot invest in will be returned back from Inox Wind by the close of this year.

Rohit Nagraj: Right Sir got it that was really helpful. Second question is given that we have seen there has been an increase in the prices of all the Fluoropolymers and including PTFE is there any kind of demand side slowdown given that there is a lot of issues in terms of the Russia Ukraine war and logistics issue as well as Europe issue. So are we finding any kind of slowdown from the demand perspective in any of our Fluoropolymer.

Vivek Jain: No we are not seeing any slowdown at all on the other hand for some of the other polymers there is a huge demand pull so we are not seeing any slowdown despite the prices being what they are.

Rohit Nagraj: Thank you so much and best of luck.

Moderator: Thank you. Our next question is from the line of Anant Jain, an individual investor. Please go ahead.

Anant Jain: Thanks for the opportunity Sir. My first question is this that this new capacity for FKM and PVDF that we are planning you will be coming on stream by Q2 can you give me the final capacity numbers after this new capacity comes up.

Vivek Jain: Yes, Mr. Soni just mentioned.

V. K. Soni: Yes, I mentioned know that the total new fluoropolymers are 700 tons per month and the add-on is about 400 tons per month which is making a total to 1100 tons per month and this would happen by September of this year and of course we are planning to further expand this capacity by another 200, 300 tons before the close of this financial year.

Anant Jain: So that was what my question was so by the end of this financial year 1400 to 1500 tons capacities of new age fluoropolymer.

V. K. Soni: Yes.

Anant Jain: The second question is what we have seen is that one of the Russian companies called HaloPolymers which used to have around 10% in PTFE market worldwide and which used to majorly export in European and American markets is that now out of picture because of the Russia Ukraine issue.

Vivek Jain: The supplies from them have been hampered for sure but they of course were not 10% of the market they were lower but there has been a disruption of their supplies for the granular grades of PTFE which they made.

Anant Jain: And our PTFE capacity is going to be like after at the end of this year from 4500 tons that we have quarterly how much would that go up by Q4.

Vivek Jain: That is may be about 1800 tons in a month.

Anant Jain: Just one last question from my side what we have seen is that this non-PTFE capacity the market size is or rather than non-PTFE fluoropolymers the market size is roughly 160000 to 200000 metric tons worldwide and in the next three to four years can we reach like 10%-15% of this market do we have that as a part of our vision.

Vivek Jain: Absolutely that is part of our plan because we have all the building blocks to increase both sales as well as production for these products and as you know we are down by backward integration to 142B that enables us to keep on expanding the capacity for these products as we keep on moving on and as the demand keeps on increasing from the battery sector we will keep on expanding our capacity of PVDF.

Anant Jain: And one question in the fluorospeciality chemical side. So what we hear in like again we are just hearing from other people who are into fluorine chemistry so the complexity of fluorine chemistry is probably defined by the number of fluorine atoms in the molecule F1 to F6 kind of a range is what people generally say. If that is how it is then if I were to understand how complex is the chemistry in our fluorospeciality chemical business if that is a bar or that we use. How difficult is a fluorospeciality chemical just to understand the entry barriers there.

V.K.Soni: So actually if we add the number of fluorine chemicals this battery chemical LIPF6 has got six fluorine chemicals that is a special one and with special requirements for electrochemical properties but the other fluoro intermediates which go for pharmaceuticals or for agrochemical intermediates they have number of stages but generally the fluorine molecules are lesser than six but they are complex depending on the number of stages in some chemicals the stages are seven to eight and some they are less than four. So the complexity is proportional to that.

Moderator: Thank you. Our next question is from the line of Dhruv Muchhal with HDFC Asset Management. Please go ahead.

Dhruv Muchhal: Sir thank you for taking again. One clarification firstly from your previous responses is you mentioned the PTFE capacity currently is about so I had the PTFE number at about 20000 ton capacity for annum but your number is suggesting a bit lower about 18000 odd and you mentioned it will increase to about 1800 tons per month which reflects about 21000 tons per annum yet again this is a bit lower than what was earlier I believe guided capacity is about 25000 tons.

Vivek Jain: Capacity was about 1550 tons per month of PTFE which would have been about 18500 tons of PTFE for the entire year and with this expansion of another 200 to 250 tons of PTFE per month it will go up to about 21000 tons.

V.K.Soni: 22000, 21600 tons range.

Dhruv Muchhal: Sorry my error. Sir secondly is on the speciality business, the fluorospeciality business, what would be the gross block and if I am not wrong you mentioned 600-700 Crores full potential run rate what would be the gross block that we have invested here and on a broader level when do you think should we building this full run rate reaching and any further plans that you have in that segment.

V.K.Soni: The gross block for specialty intermediates is about 600 Crores after the plants which we are commissioning.

Dhruv Muchhal: And should not the revenue potential be a bit higher generally I believe the asset turns are about 1.5 ish or this is the number we should currently think of 600 Crores.

Vivek Jain: This year as Mr. Jain said it is about 700 Crores. See there will be a time lag for ramp up so yes next financial year we will have a full year at that time we are expecting that the revenue would be about 700 to 800 Crores but during this financial year because there is a initial time it will take to ramp up capacity will be lower.

Dhruv Muchhal: And one last clarification the PVDF plus the FKM the expansion is PVDF is 100 tons per month and FKM is 200 tons per month both are coming in FY2023. I believe earlier it was some bit of capacity is coming in FY2024 which you have prepone now that understanding is right Sir yes.

Vivek Jain: That is right.

Dhruv Muchhal: Perfect Sir. Thank you so much.

Moderator: Thank you. Our next question is from the line of Ashish N with JM. Please go ahead.

Ashish N: Thank you for the opportunity and congratulations on a good set of numbers. Sir you mentioned about 300 Crores Capex on the wind power side so is this for GFL or is it for the Inox side of it.

Vivek Jain: It is for GFL not for the Inox side.

Ashish N: So you are building capacity for wind for GFL.

Vivek Jain: Yes, as I said of course.

Ashish N: And what would be your contingent liability including corporate guarantee for your wind business what would be the corporate guarantee or the continental liability on the wind side of the business on GFL total outstanding.

Vivek Jain: Again by the end of this financial year most of the corporate guarantees which have been given will be revoked.

Ashish N: Okay that is it. Thank you.

Moderator: Thank you. Our next question is from the line of Sanjay Kular with Acme Private Limited. Please go ahead.

Sanjay Kular: Sir first of all compliments to you for delivering excellent results. I have few questions considering strong demand in our businesses any price hikes have been affected by the company in other polymers like FKM or fluorospecialty chemicals and fluoro chemicals in the last two three months.

Vivek Jain:: Yes, well in the polymer business we are going ahead with further price increases because the demand is very strong for FKM, PVD and micropowders, etc., we are going ahead the further price increase.

Sanjay Kular: Would you please give the quantums and how much price increases.

Vivek Jain: See it is difficult to give a number it will vary from grade-to-grade but it will be a double digit increase.

Sanjay Kular: And what is the top line growth do you see in the current year.

Vibhu Agarwal: It is in line with what we guided earlier as well so we are looking at in FY2023 around 20%-25% growth over the previous year and we stay by those numbers and these numbers with all the additional capacities that we are preponing this could only look upwards.

Sanjay Kular: What will be the revenue potential of FKM in the current year and the next year in the current year FY2023 and FY2024 because we see very strong demand first coming in FKM fluoropolymers.

Vivek Jain: Well it is difficult to say but yes our production capacities are going up significantly in FKM prices are also gone up and they are firming up even now. So I think it will be maybe about a $100 million.

Sanjay Kular: That is a very good number and Sir any challenges or impediments that could probably hamper demand scenario in our businesses going forward.

Vivek Jain: See it is difficult to say at this point of time the demand is strong across most of our businesses. So I do not see any great headwinds at this point of time other than MDC which we said that because of additional capacity which is coming up there could be some pressure in prices going forward, in the fluoropolymer business which is including both PTFE and non-PTFE fluoropolymers the demand remains quite robust and we do not see any headwinds at this point of time.

Sanjay Kular: Okay Sir, thank you very much.

Moderator: Thank you. Our next question is from the line of Aman Vij with Astute Investment Management. Please go ahead.

Aman Vij: Good afternoon Sir my questions are related to the new fluoropolymer business. Firstly if you can talk about the current realization of PFA and FEP as well as LIPF6.

V. K. Soni: Regarding PFA and FEP we have given the overall capacity utilization of new fluoropolymers which include these two, the prices of PFA would be somewhere around $35 at this point of time.

Aman Vij: And for FEP will be.

Vivek Jain: FEP is a small company it is nothing very large it is I think about 25 odd dollars so that is a very small component not very much of the FEP at this time.

Aman Vij: And LIPF6 what is the current realization in the market.

V. K. Soni: The current realization in the market is of two type one is the spot which is about $70 and other is the contract which is about $50 but these are subject to change because these are also dependent on the current spike in the demand and the raw material prices so on a long-term basis maybe $30 or so would be the price, would be a reasonable price to assume.

Aman Vij: And for the other fluoropolymer for example PFA and PVDF you had explained nicely last time the realization are like 2 x to 3 x up so what should we assume as a long-term stable number should we assume around $30 or should we assume around $20-$25.

Vivek Jain: I think that is a crystal ball guidance but we cannot really be sure, we cannot say but I think PVDF and FKM the prices will remain firm because the global demand is expanding and especially PVDF because the huge growth which we foresee coming in from Lithium-ion Batteries it should keep the prices fairly buoyant in the years to come.

Aman Vij: You had talked about the overall increase in capacity of 600 to 700 tons. So broadly if you can divide it into FKM will be increased by 300 ton PVDF by 200 or 300 is my understanding correct.

Vivek Jain: Yes, PVDF will be expanded by 300 tons during this financial year and FKM will be expanded by 300 to 400 tons during this financial year. The good thing is that we have the starting raw material which is 142B.

Aman Vij: So the global market of these two products are roughly around 50000 tons each and we are like almost nothing as of now is the global market growing suddenly this fast or are we taking market share the capacities of other sales have gone out if you can explain what is driving according to you this demand.

Vivek Jain: No, see for PVDF the demand is being driven of course in the current sectors in which PVDF has been in use, but the major demand spike is coming in from Lithium-ion Batteries.

Aman Vij: You are seeing the whole pie of 50000-60000 ton market globally itself growing at let us say 15%-20% now is that what is right.

Vivek Jain: Yes, perhaps more.

Aman Vij: Now we have this backward integration the gas issue is no more should not we be expanding at a much faster rate.

Vivek Jain: No, I think this is fine what we are doing is fine because again in the next year we will be putting up additional capacities. So these are reactor-by-reactor this is not one single plant which we have to put up. So we will just keep on adding more and more reactors as we see the demand going up there is no point in putting up too much capacity ahead of the demand it takes us about six months to put up an additional 100 ton PVDF reactor. So we are fine tuning it to the increased requirements in the market.

Aman Vij: But the strong demand does it suggest that say every year these are capacities by 50% obviously first we need to fulfill the current capacity but even the strong demand this is how you are thinking in terms of FKM.

Vivek Jain: We certainly are expecting that we keep on putting Capex's in every year on enhancing our capacities of PVDF and other battery chemicals because we expect strong demand and the demand going up fairly at a very good pace in the next decade.

Aman Vij: When you talked about 300 Crores Capex you are assuming as of now only 400 ton per month increase right the additional 300-400 will require another 300-400 Crores is my understanding right.

Vivek Jain: Sorry I did not get you, can you repeat your question.

Aman Vij: So Sir you had given a split of 1150 Crores Capex that we are doing this year right so the 300 Crores number you had mentioned for the new fluoropolymer this only includes the additional 400 tons from the additional you have talked about one more Capex which will be preponing so that Capex number is still not included or we have included it from place else.

V.K.Soni: No it is included it, the number here is higher our earlier estimate was 900 Crores now it is 1150 Crores so this 250 Crores addition is due to advancing the capacity into this year.

Moderator: Thank you. Ladies and gentlemen we have reached the end of the question and answer session. Now I would like to hand over the conference over to the management for closing remarks.

Manoj Agrawal: I would like to thank you all for your interest in the company and we look forward to your continued participation on these earning update calls in future also. Thank you very much.

Moderator: Thank you. On behalf of DAM Capital Advisors Limited that concludes this conference. Thank you for joining us today and you may now disconnect your lines.