



Gujarat Fluorochemicals Limited

Investor Presentation – September, 2014

Contents

Chemicals Business

Cinema Exhibition Business

Wind Farming Business

Chemicals Business

World class integrated PTFE complex

Integrated manufacturing operations

About PTFE

Customer qualification process

Key Accomplishments

Industry Structure and GFL Position

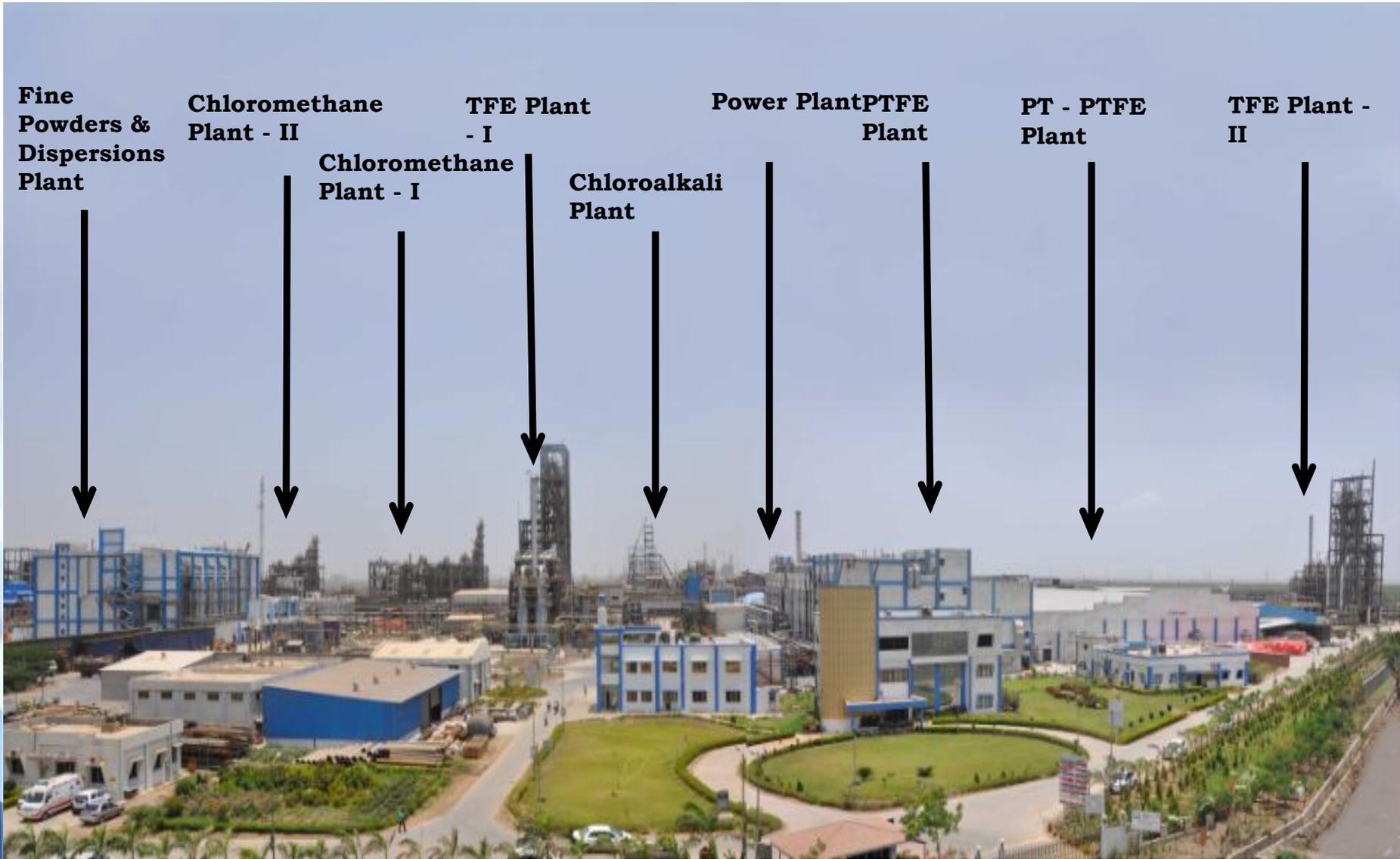
GFL Strengths

Strategic initiatives going forward

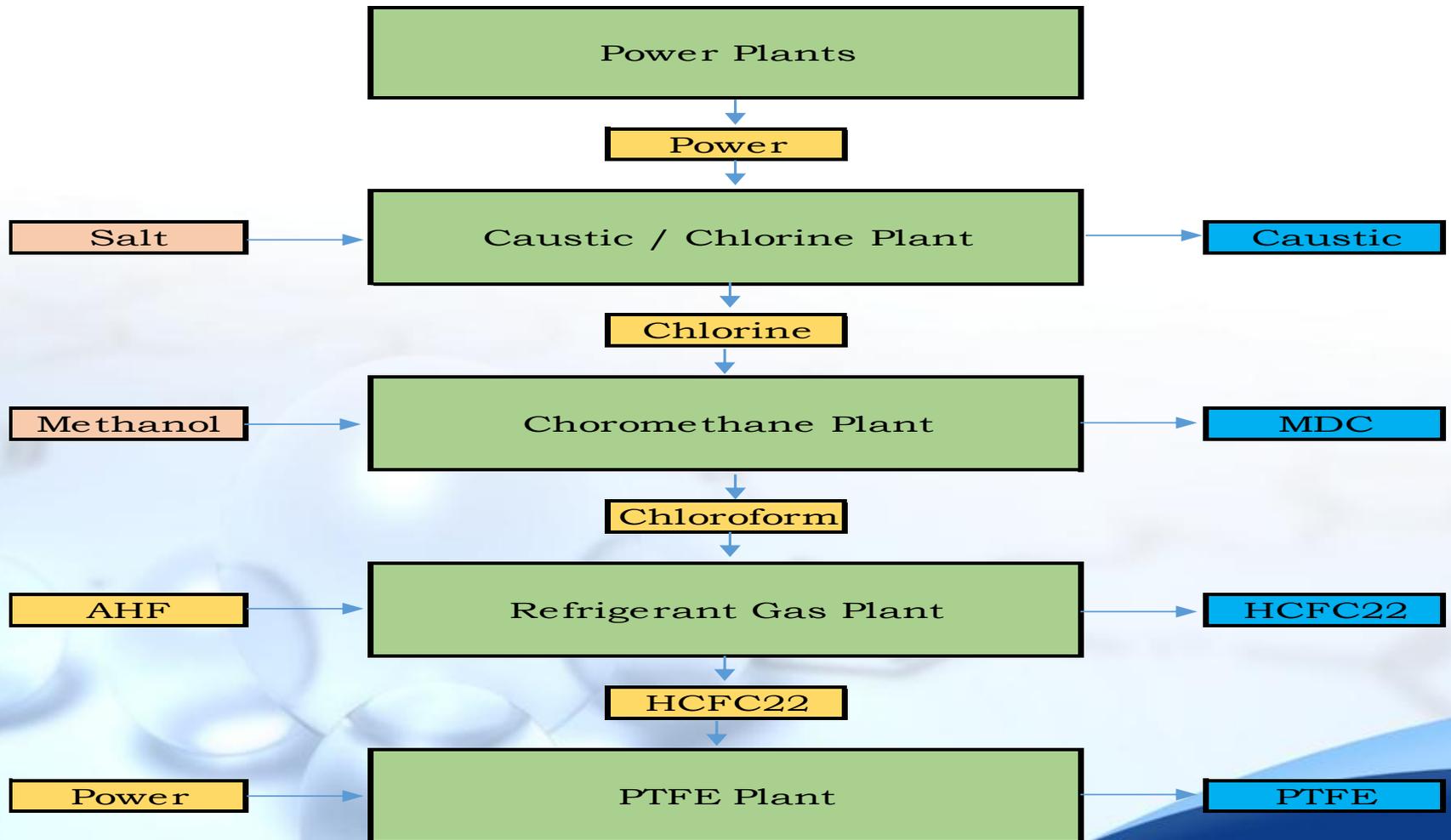
Key focus areas for increasing profitability

Revenues and Profitability

World-class integrated PTFE complex



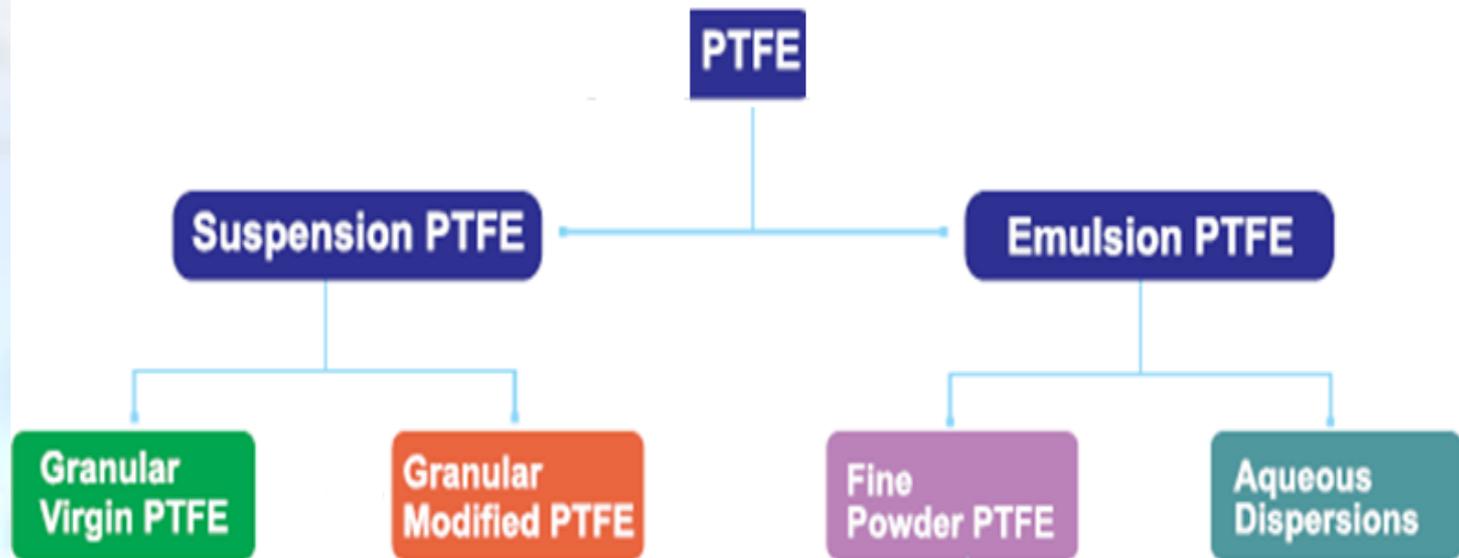
Integrated Manufacturing Operations



Integrated manufacturing operations lead to cutting edge cost competitiveness

About PTFE (Poly Tetra Fluoro Ethylene)

- **PTFE is a white polymeric resin product with following types**



PTFE- Unique Properties

- High Melting point
- Very low Coefficient of friction (<0.1)
- Excellent dielectric properties
- Excellent weather resistance
- Almost inert to all known solvents up to 300⁰ C
- Wide thermal service range -260⁰ C to 260⁰ C
- Resistance to wetting

Product Matrix:

	Major Application Areas	Industrial Application	Chemical Additives	Electrical & Electronics	Others
Granular	Automotive, Chemical Processing and Others	Automotive, Mechanical components	Additives in inks, paints and coatings ,	Wires and cables, insulating films,	Construction, medical and consumer goods
Dispersion	Automotive, Chemical Processing and Others	for industrial applications, Chemical industry	polymer additives for performance enhancement	capacitors, semiconductor applications	
Fine Powder	Electrical & Electronics and Others	applications, textile applications, Industrial coatings			
Micropowder	Chemical Additives				

Customer Qualification Process

Customer Engagement

- Wide presence in all key markets
- Identify customer needs
- Define product specifications
- Understand product applications

Product Development

- Develop product to customer specifications
- Modify standard grades to meet customer needs
- Diverse product range – Suspension (Granular virgin / Granular modified) / Emulsion (Fine powder virgin / Fine powder modified), Aqueous dispersion, etc)
- Quality certifications

Product Acceptance

- Supply Samples
- Testing / Quality control checks at customers
- Trial orders
- Technical services
- Product Acceptance

Customer Sustenance

- Product quality consistency
- Value differential
- Continued technical support

Investment in Qualification Process Cycle leads to customer stickiness

Key Accomplishments

- Set up of a large integrated project for manufacture of various chemicals and PTFE, a very versatile engineering plastic
- Investment phase is almost over
- Virtually **the only producer of PTFE** in India with world class facilities. PTFE finds application in a wide range of industries
- **Largest producer of Chloromethanes** in the country – largely used as solvents in the pharma and agri sector.
- **Largest manufacturer of HCFC 22** in India – used as a feed stock to manufacture PTFE and sold as a refrigerant worldwide
- **High level of integration** will impart a huge competitive strength in the future
- **High barrier to entry** because of:
 - Complexity of operations and lack of availability of technology
 - Long gestation period in the product development and approval cycle
 - stickiness of customers
 - Availability of key raw materials
 - Large capital investment

Industry structure and GFL Position

Industry Structure

- a. **There are currently 3 key players from the developed countries**
 1. They have been in the business for several decades
 2. They have developed a wide range of grades covering most applications
 3. No expansion plans, no new capex, we believe due to lack of competitive strength and much higher capital cost to set up new capacities
 4. Hence no longer a key focus area
- b. **There are 4-5 Chinese manufactures who have emerged over the last 2 decades**
 - Range of products offered are not as extensive
 - Quality perceived to be inferior
 - a. Largely concentrating on the domestic market which has grown substantially in the last 15 years
 - b. Not market oriented

GFL's Position

Capacities and facilities established which will enable it to emerge amongst the top 3 producers world wide

Over a relatively very short period of time have succeeded in developing almost the entire range of PTFE grades

Largely concentrating on exports. 75 % of production will be exported

Product development cycle over and customer qualification process at an advanced stage of approval

Consequently Ramp up of volumes happening and expect to reach full capacity utilization by the end of this financial year

GFL's Strengths

1. **Vis-à-vis developed country producers**

1. More integrated production process and lower costs will result into greater competitiveness
2. Have developed almost the entire range of PTFE products
3. Greater market presence and continuous engagement with customers
4. High level of focus

2. **Vis-à-vis Chinese producers**

1. Chinese producers largely concentrating on the domestic market and lower end applications. Tend to sell mainly on the basis of price
2. Have not developed the entire range of products
3. Not market focused; relatively no engagement with customers

GFL is increasingly being perceived as a serious and long term alternative to the established producers in the US and European markets

Strategic Initiatives Going Forward

Cost reduction

- Operating leverage
- Energy efficiency projects
- Waste recovery projects
- Operational changes to reduce logistics and packaging costs

Debottlenecking

- Existing capacities can be debottlenecked in CMS and PTFE plants
- Minimal incremental investments could result in 15% - 25% additional capacities

Fluoropolymers

- Developing new value added product lines allied to the current products such as:
~ Fluoroelastomers ~ PTFE Micropowders ~ PTFE compounds
by leveraging our technical and marketing capabilities

Fluorospeciality chemicals

- For pharma/agro-chemical industry by leveraging our extensive knowledge of fluorine chemistry
- First manufacturing plant commences operations, expected to reach high capacity utilization by January
- R&D team under expansion, more molecules under development

Establishing Fluorospar Mining project

- Setting up a joint venture for ensuring long term security of availability of key raw material at a reasonable cost

Key Focus Areas for enhancing profitability

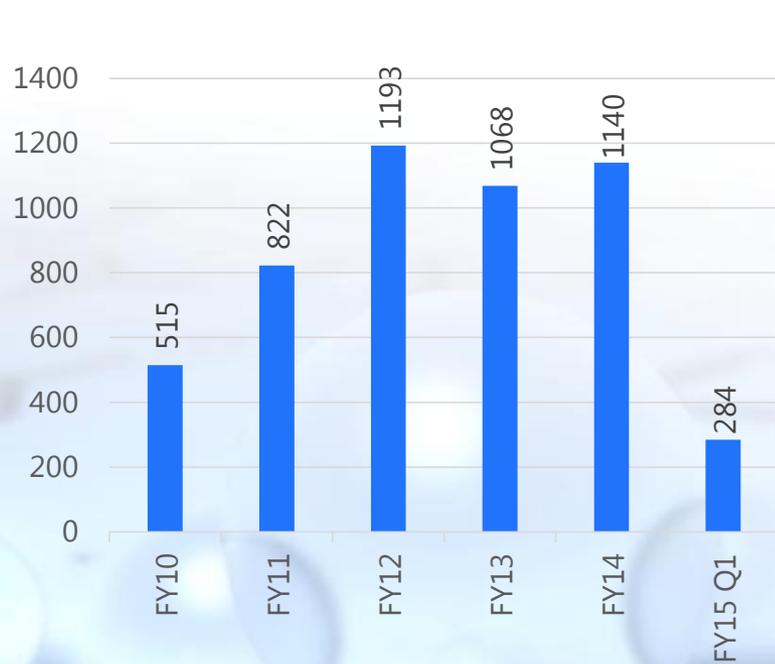


Marketing thrust and expediting customer approvals in all key markets with the objective of achieving full capacity utilization by the end of this financial year

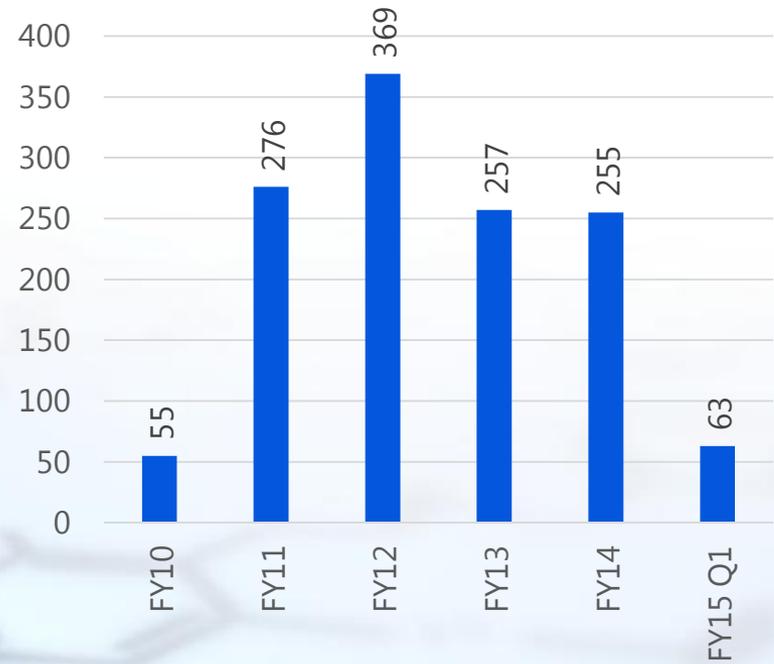


Completion of various recovery schemes and by-product utilization schemes which will have a significant impact on overall costs by the end of this financial year

Revenues And Profitability



Revenues (Rs crores)



EBITDA (Rs crores)

Cinema Exhibition Business

(Inox Leisure Limited)

India's favorite multiplex brand

Strong industry fundamentals

Track record of aggressive expansion

Pan India presence

Some marquee properties

Consistent improvement in key operating parameters

Leading to improvement in profitability

Strong project pipeline

Strong content pipeline

Inorganic growth opportunities

India's favorite multiplex brand



Strong industry fundamentals

Organized Retail on Overdrive

- ❑ As of 2013, only 7.5% of \$ 520 bn retail market organized
- ❑ Organised retail expected to see a growth of 20% CAGR over the next 5 years
- ❑ To touch 10% of retail market by 2018
- ❑ Real estate sector getting more organized with large mall developments even in Tier II and III towns
- ❑ Large malls will need anchor tenants – strong preference for multiplexes

Large Movie Industry

- ❑ ~ 1000 movies released per annum
- ❑ ~ 5 billion tickets sold annually
- ❑ Quality content across genres and languages

Vibrant Domestic Box Office

- ❑ Domestic theatrical accounts for 75% of total film industry revenues in 2013
- ❑ Box Office collections estimated to grow at 11.4% CAGR from Rs 93 bn in 2013 to Rs 160 bn in 2018
- ❑ Digitization of content has enabled
 - ❑ Wider releases
 - ❑ Larger collections, faster paybacks
 - ❑ More content being available
 - ❑ Curbing of piracy

Underpenetrated multiplex market

- ❑ India continues to be severely underscreened with amongst the lowest screen density (8 screens / mn vs. 120 in US)
- ❑ Multiplex screens account for just 25% of total screens

Source: FICCI KPMG Report, IRIS India Retail Report 2013, Research Reports

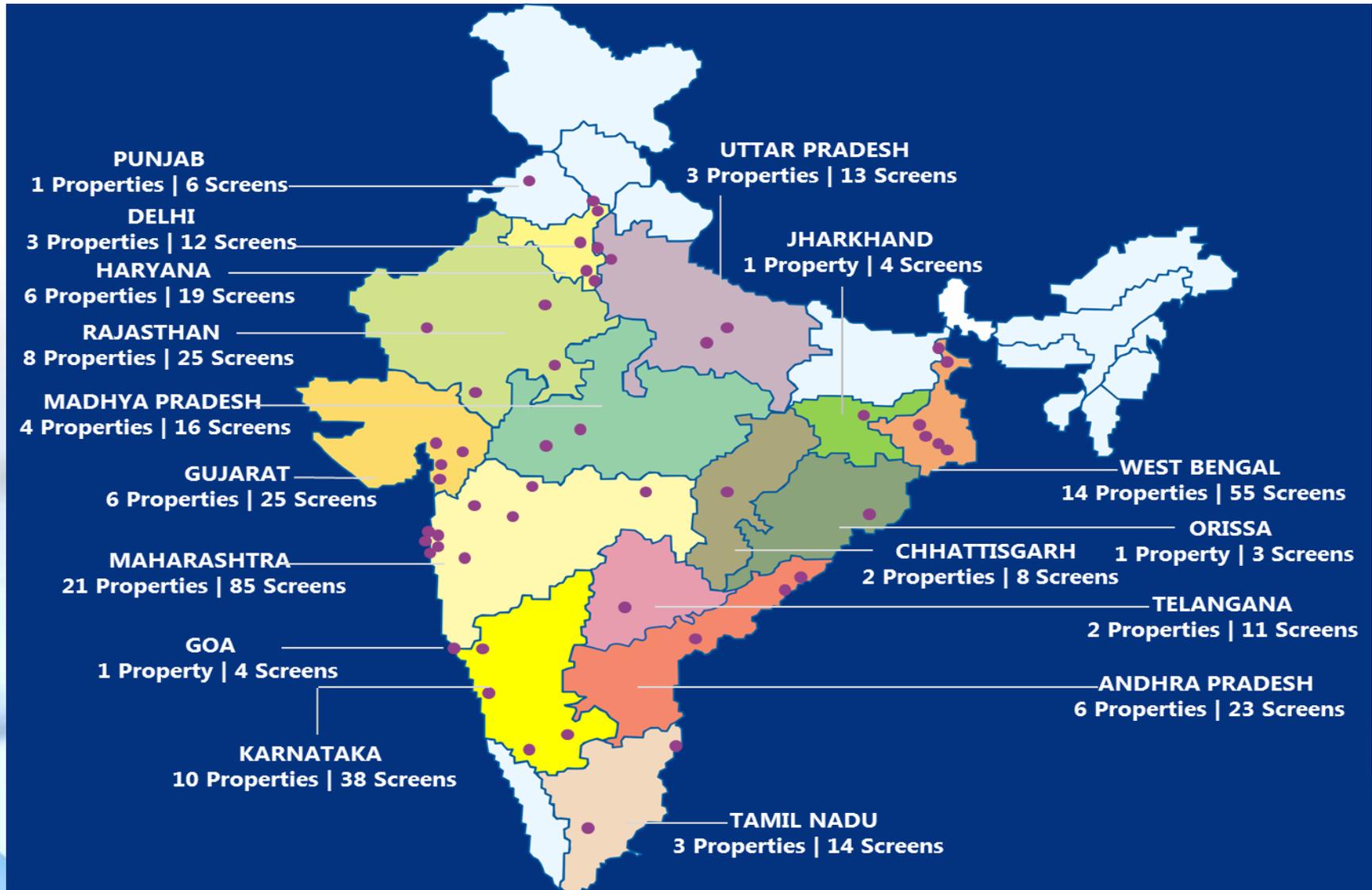
Immense opportunity for large, organized players

Track record of aggressive expansion



On average, added two properties every quarter over the last decade

Pan India presence

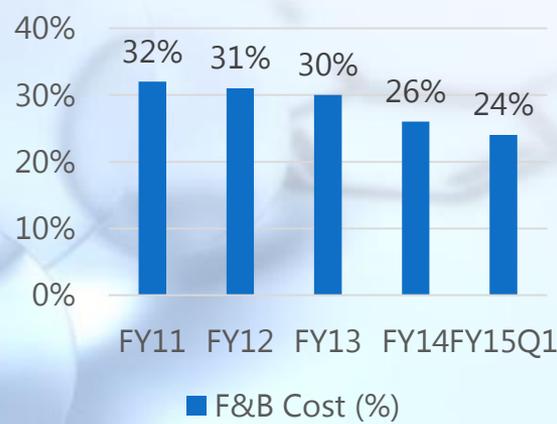
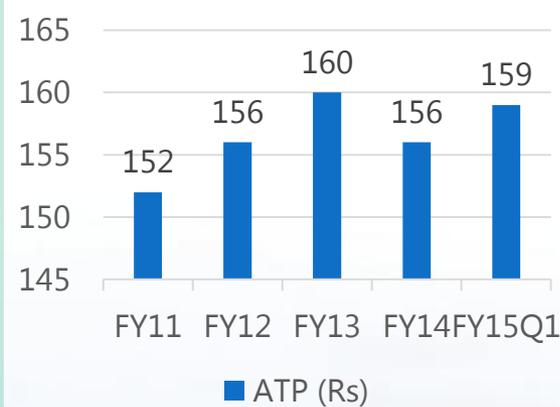
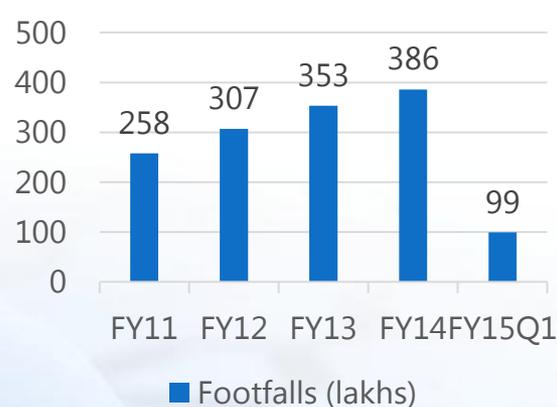
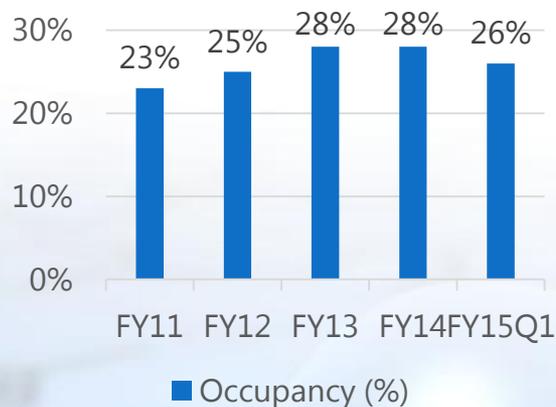


17 States, 50 Cities, 92 Multiplexes, 361 Screens 96,058 Seats

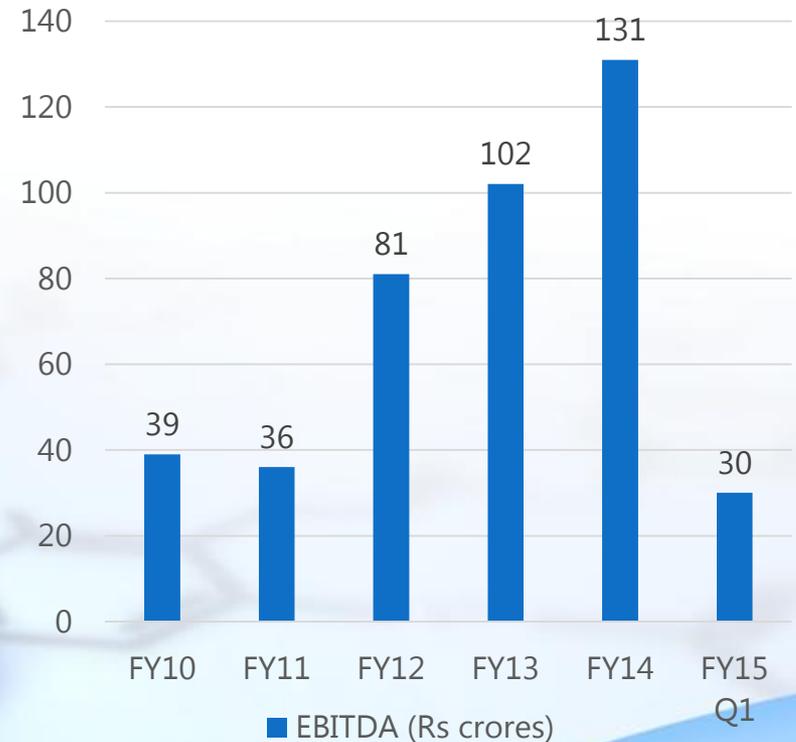
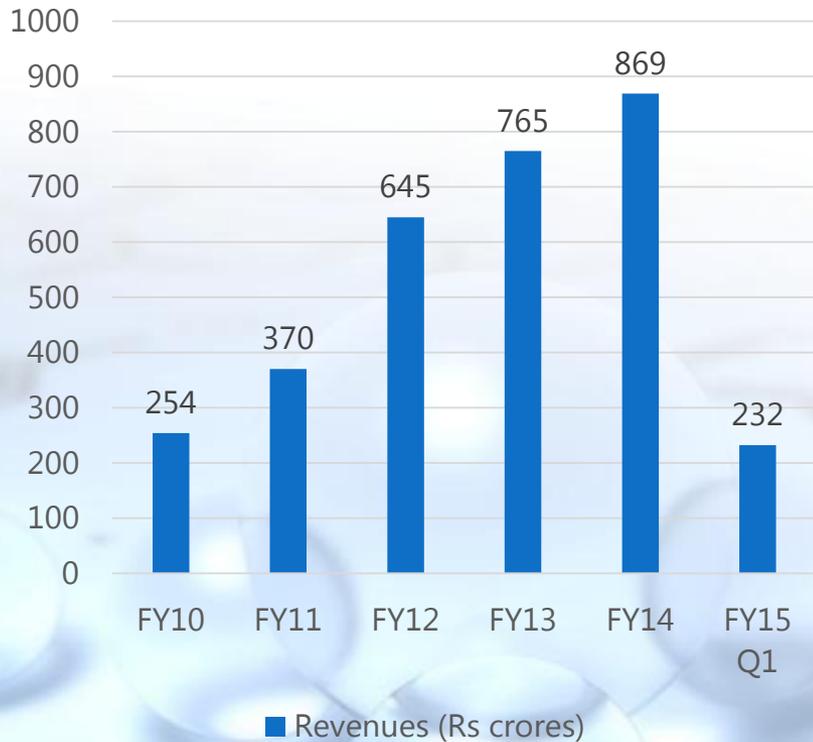
Some Marquee Properties



Consistent improvement in key operating parameters



Leading to improvement in profitability



Strong project pipeline

Already opened (13)

- Gurgaon (3)
- Vizag (3)
- Jalgaon (4)
- Faridabad (3)

QII (14)

- Jamnagar (5)
- Vizag (2)
- Lucknow (4)
- Bhilwara (3)

QIII (19)

- Kurnool (3)
- Pune (6)
- Ajmer (3)
- Bhiwadi (3)
- Goa (4)

QIV (28)

- Bangalore (5)
- Jaipur (4)
- Kota (4)
- Vadodara (3)
- Pune (5)
- Kolhapur (4)
- Aurangabad (3)

2015-16 (56)

- Vijayawada (3)
- Thrissur (6)
- Jammu (3)
- Jodhpur (4)
- Bangalore (13)
- G.Noida (3)
- Coimbatore (9)
- Mangalore (8)
- Goa (4)
- Cuttack (3)

Strong Content Pipeline

September

- No Good Deed
- The Maze Runner

October

- Bang Bang (Hrithik Roshan, Katrina Kaif)
- Haider (Shahid Kapoor, Shraddha Kapoor)
- Happy New Year (Shah Rukh Khan, Deepika Padukone)

November

- The Shaukeens (Akshay Kumar)
- Kill Dil (Ranveer Singh, Parineeti Chopra)
- Happy Endings (Saif Ali Khan, Eliana D'Cruz)
- Inter Stellar

December

- Action Jackson (Ajay Devgan, Sonakshi Sinha)
- PK (Aamir Khan, Anushka Sharma)
- Exodus (Gods and Kings) 3D
- The Hobbit: The Battle of Five Armies 3D

Inorganic growth opportunities

- Inox started the consolidation phase in the multiplex industry by acquiring
 - CCPL in 2006 (2 properties, 7 screens + pipeline of 7 properties, 28 screens)
 - Fame in 2010 (25 properties, 95 screens + pipeline of 5 properties, 21 screens)
 - And now Satyam in 2014 (9 properties, 38 screens + pipeline of 6 properties, 29 screens)
- Inox believes consolidation leads to
 - Unprecedented scale and size
 - Operating leverage / Economies of scale
 - Higher revenue potential
 - Lower supply chain costs
- Several other potential acquisition targets exist in the sector providing opportunities for further consolidation

Wind Farming Business



Wind Farming Business

Inox Renewables Limited

Existing Projects:

- >Annuity Business
- >Stable assured returns
- >No incremental equity
- >Relies on internal strengths

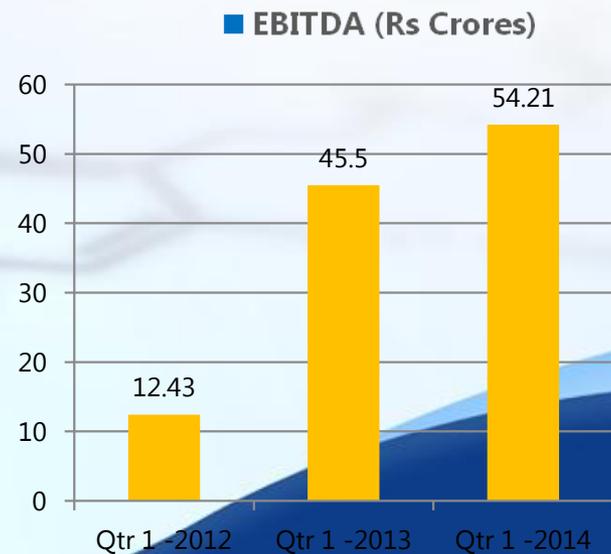
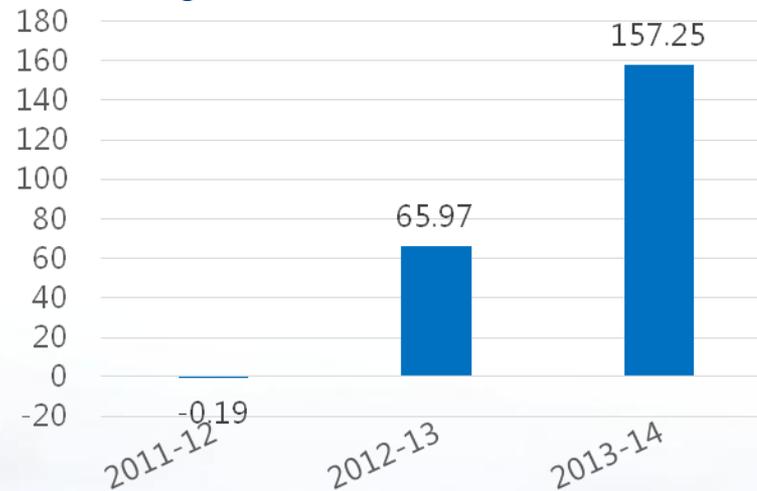
Revenues and Profitability

Existing Projects

Project	Gude-Panchgani	Sadiya	Ossiya	Chettikurichi / Vavathur	Dangri	Bhendewade
State	Maharashtra	Rajasthan	Rajasthan	Tamilnadu	Rajasthan	Maharashtra
Capacity (MW)	23.1	12	30	4	134	10
Technology	Vestas 1.65 MW	Suzlon 1.50 MW	Suzlon 1.50 MW	Inox 2 MW	Inox 2 MW	Inox 2 MW
Commissioning	Mar-07	Nov-08	Dec-09	Jun-10 / Aug-11	Mar-13	Mar-14
Tariff	Rs 4.55 + 0.15* * escalation p.a.	Rs 3.078 + REC	Rs 4.45	Rs 2.96 + REC	Rs 5.39 + GBI	Rs 5.81 + GBI
Power Offtake	Pref tariff For 13 Yrs	APPC+ REC	Pref tariff For 20 Yrs	APCC+REC	Pref tariff For 20 Yrs	Pref tariff For 13 Yrs

- Operational portfolio of 213 MW
- Additional 20 MW at Bhudh Maharashtra by year end @ 5.7 + GBI

Revenues and Profitability



■ Revenues (Rs Crores)

■ EBITDA (Rs Crores)



Thank You!