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GUJARAT FLUOROCHEMICALS LIMITED

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GFL: BRD: 2015

12 June, 2015

Bombay Stock Exchange Limited Phiroz Jeejeebhoy Towers Dalal Street Mumbai 400 001 Fax 022 22723121/2037/2039/2041/2061/3719	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Fax 022- 26598237/38

Dear Sir,

Sub: Transcript of Conference Call with the Investors/Analysts

The Company had organized a conference call with the Investors/Analysts on 28 May 2015. A certified true copy of Transcript of conference call held with the Investors / Analysts is enclosed herewith.

Kindly take the same on record.

Thanking You,

Yours faithfully,

For Gujarat Fluorochemicals Limited

Bhavin Desai
Company Secretary
FCS 7952

Gujarat Fluorochemicals Limited
Q4-FY15 Earnings Conference Call
May 28, 2015

Moderator: Good evening, ladies and gentlemen, I am Aman moderator for this conference. Welcome to the Fourth Quarter and Full Year FY-15 Results Conference Call of Gujarat Fluorochemicals Limited organized by Axis Capital Limited. At this moment, all participant lines are in listen-only mode. Later, we will conduct a question and answer session. Please note this conference is recorded. I would now like to hand the floor over to Mr. Bhavin Vithlani from Axis Capital. Thank you and over to you, sir!

Bhavin Vithlani: Thank you, Aman. Good evening everyone. We welcome you to the conference call to discuss Gujarat Fluorochemicals Limited's full year FY-15 results. From the Management we have with us Mr. Deepak Asher - Director and Group Head, Corporate Finance of INOX Group of Companies, Mr. Satish Kakade - CEO of Chemical business, Mr. V.K. Soni - Head of Projects and New Initiatives.

We will start with the opening remarks by the Management and then we will open the floor for Q&A session. Without much ado I hand over the call to Mr. Asher for the opening remarks from the Management. Over to you, Mr. Asher.

Deepak Asher: Thanks, Bhavin, thanks, Aman and a very good afternoon to all of you. On behalf of the Board of Directors and the management of our company I have great pleasure in extending a very warm welcome to all of you to this conference call of Gujarat Fluorochemicals Limited to discuss the audited financial results for the fourth quarter and the full year for the Financial Year 2014-2015.

As we have been introduced, my name is Deepak Asher, I am the Director and Group Head - Corporate Finance of the INOX Group of Companies. I am joined on this call by my colleagues, Mr. Satish Kakade who is the CEO of Chemicals business and Mr. V.K. Soni who Head of Projects and New Initiatives in our company.

Before we get onto the discussion of our financial performance let me give you a quick introduction about ourselves. Gujarat Fluorochemicals Limited is a part of the INOX Group of Companies which has diversified business interests and significant leadership positions across various sectors including industrial gases, engineering plastics, refrigerant, chemicals, cryogenic engineering, renewable energy and entertainment. GFL has over the past years judiciously deployed the cash generated from operations to create profitable and futuristic businesses including those in the field of entertainment, renewable energy, chemicals and engineering plastics and build them to significant leadership position.

The Company's world class integrated chemical complex at Dahej makes it the largest chloromethane producer in India, the largest refrigerant gas producer in India the largest PTFE producer in India and in fact one of the largest PTFE producers in the world. In addition, the Company owns ownership stakes in amongst the largest Wind Turbine manufacturers, one of the largest multiplex operators and one of the largest Wind Farm operators in the country.

Over the past five year consolidated revenues have grown by 39% CAGR, EBITDA has grown by 27% CAGR and PAT has grown by 21% CAGR to reach Rs. 53 billion of revenues, Rs. 10 billion of EBITDA and Rs. 5.8 billion of PAT respectively.

Talking specifically about the chemicals business we have developed some key competitive strengths which include a world class and one of the most integrated PTFE facility providing

For Gujarat Fluorochemicals Ltd.

BHAVIN DESAI
Company Secretary

cutting edge cost competitiveness, strong technology capabilities to produce a wide range of PTFE resins that enjoy global acceptability for multiple application, a diverse customer base across various sectors with the largest customer accounting for just 5% out of the total turnover, and finally a very strong foundation for growing the fluorospecialty business.

Talking quickly about the company's future business strategy and outlook, the focus will be on improving capacity utilization and operating margins. The company has successfully cleared the stringent customer evaluation and product acceptance process with major customers for the past two and three years and going forward expects the capacity utilization to improve significantly. Higher capacity utilization, leading to improve operating leverage, increased contribution from higher value added PTFE grades, implementation of several cost reduction and revenue enhancements schemes with minimal capital investments, and introduction of new products in the fluorospecialty segment to cater to the pharma and agro chemical sectors will go towards improving top-line and bottom-line in the chemicals business.

With major capex already incurred for setting up the PTFE facility there will be minimal capex for the next two or three years.

With these brief introductory remarks, I would now like to take you through some of the key financial and operational highlights regarding the performance of the Company. The Audited Results for FY-15 have been approved by the Board of Directors and have been uploaded on the website of the stock exchange as well as of the Company. We have also uploaded an earnings presentation which I hope you have had the opportunity of reviewing.

To take you through some of the key numbers as far as consolidated financial results are concerned, revenues for the quarter went up from Rs. 11.9 billion in Q4 FY-14 to Rs. 15.5 billion in Q4 FY-15 registering a growth of 30%. EBITDA went up from 1.51 billion in Q4 FY-14 to Rs. 2.80 billion in Q4 FY-15 registering a growth of 86%. EBITDA margin improved from 12.7% to 18.1%. PAT increased from Rs. 462 million to Rs. 3.2 billion a growth of 600%. PAT margins improved from 3.9% to 21.1%

I must however qualify this by sayings that there is one-off item in the PAT for Q4 of FY-15 which is the profit on sale of shares of INOX Wind Limited. As you know, INOX Wind Limited did an IPO and GFL offered about 1 crore Equity Shares as an offer for sale in that IPO and therefore if you remove the profitability pertaining to that sale, PAT still remains at about 590 million as compared to 460 million last year, that is PAT for the quarter.

If you look at the numbers for the full year, Revenues increased from Rs. 34.5 billion to Rs. 53.4 billion registering a growth of 55% in FY-15 compare to FY-14. EBITDA increased from Rs. 5.9 billion to Rs. 10.3 billion a growth of 73% in FY-15 as compared to FY-14. EBITDA margins improved from 17.3% in FY-14 to 19.4% in FY-15. PAT registered a growth of 215% from Rs. 1.8 billion to Rs. 5.8 billion. PAT margins increased from 5.4% to 11%.

That is a snapshot of the consolidated results.

If you look at the breakup of revenues in the consolidated results. The chemical business accounted for Rs 3.0 billion of revenues in the Rs 11.9 billion aggregate revenue for FY-14, this grew by 13% to Rs 3.47 billion in Q4 of FY-15. The revenues from the wind turbine business grew by Rs. 6.8 billion to Rs. 9.3 billion a growth of 35% in Q4 of FY-15 compared to Q4 of FY-14. Wind farming business revenues declined by 4% from Rs. 374 million to Rs. 358 million and the cinema business revenues grew from Rs. 1.8 billion to Rs. 2.1 billion a growth of 16% and hence total revenues for the quarter grew from Rs. 11.9 billion to Rs. 15.5 billion, a growth of 30%.

Revenues for the full year grew by Rs. 34.5 billion to Rs. 53.4 billion a growth of 55% and the composition of this total revenues is divided into the chemicals business which grew by 16% from Rs. 11.4 billion to Rs. 13.2 billion for the full year. The wind turbine manufacturing business grew by 73% from Rs. 15.6 billion to Rs. 27.0 billion. The wind farming grew by 9%

from Rs. 1.7 billion to Rs. 1.9 billion and the cinema business grew from Rs. 8.6 billion to Rs. 10.1 billion which is growth of 17% - that is the breakup of revenues.

The breakup of EBITDA - and I will, for the sake of brevity and efficiency, just focus on the numbers for the full year - EBITDA for FY-14 was Rs. 5.9 billion which grew to Rs. 10.3 billion a growth of 73%. The segment wise breakup of this EBITDA is, the EBITDA in the chemicals business improved from Rs. 1.9 billion to Rs. 2.8 billion a growth of 45%. In the wind turbine manufacturing business, EBITDA grew from Rs. 1.7 billion to Rs. 4.5 billion a growth of 160%. In the wind farming business, EBITDA grew from Rs. 1.5 billion to Rs. 1.7 billion a growth of 13% and in the cinema business, EBITDA was virtually flat - Rs. 1.21 billion went up to Rs. 1.22 billion and that is how the EBITDA breakup happened.

As far as PAT is concerned, as I mentioned initially, the overall PAT has grown from Rs. 1.8 billion to Rs. 5.8 billion including the profit on sale of IWL shares by GFL but if you look at the component wise breakup - in the chemical business, which includes the profit on sale of IWL, PAT went up from Rs. 740 million to Rs. 3.8 billion a growth of 395%. In the wind turbine manufacturing business, PAT went up from Rs. 1.3 billion to Rs. 2.9 billion a growth of 124% and in the wind farming and entertainment business PAT actually fell because of the need for providing additional depreciation on revaluation in the wind farming business and because of lack of quality content in the cinema business. But overall PAT at a consolidated level grew by about 300% from Rs. 1.8 billion to Rs. 5.8 billion.

So that is the snapshot of the consolidated numbers. If you look at the standalone numbers of GFL, because GFL has also published it standalone profit and loss account and balance sheet, Revenues for the full year FY-15 stood at Rs. 13.2 billion, an increase of 16% over Rs. 11.4 billion that we registered in FY-14. EBITDA improved form Rs. 1.9 billion in FY-14 to Rs. 2.8 billion in FY-15, a growth of 45%. EBITDA margin expanding from 17% to 21% and PAT grew from Rs. 744 million to Rs. 3.8 billion, a growth of 414% obviously, including the profit on sale of IWL shares.

In the chemical business, if you look at the product wise breakup that contributed to the revenues for the full year, Caustic Soda fell marginally by about 8% from Rs. 2.7 billion to Rs. 2.5 billion. Chloromethane went up by 26%, chloromethane sales were Rs. 2.1 billion in FY-14 increased to Rs. 2.7 billion in FY-15. Refrigerant gases sales went up by 62%, Rs. 1.2 billion in FY-14 going up to Rs. 2.0 billion in FY-15. PTFE sales went up by 14% from Rs. 4.3 billion to Rs. 5.0 billion in FY-15 and other products went up by about 6% and hence aggregate sales in the chemical business alone went up by 16% from Rs. 11.4 billion to Rs. 13.20 billion.

In terms of composition of sales, Caustic Soda now accounts for about 20% of our sales, chloromethanes account for 20% of sales, refrigerant and gases account for about 15%, PTFE accounts for about 40%. The focus obviously going forward is to make sure that PTFE accounts for a larger proportion of our total sales.

I would not spend too much time on the other business the wind turbine manufacturing business, the wind farming business and the film exhibition business because at least two out of this businesses are separately listed and we have hosted their results as well on the website and submitted onto the Stock Exchanges. We also organized investor calls for those companies and I am sure those of you who would have interested would have attended those calls.

From a Balance Sheet perspective, on a standalone basis, total shareholders fund of GFL stand at about Rs. 28 billion, up 13% from Rs. 25 billion last year. Debt remains at around the same level which is about Rs. 7 billion and hence the company is operating at a very healthy debt to equity ratio of about 0.3x. On a consolidated basis shareholders fund increased from Rs. 32.9 billion to Rs. 42.3 billion a growth of 28%, debt has marginal increase from Rs. 23 billion to Rs. 25 billion and hence, at a consolidated level debt to equity ratio actually fell from 0.7 to around 0.6.

That is our broad snapshot financial performance. Some words on the business strategy and the outlook going forward. What we expect to see going forward is minimal capex over the next two or three years, we believe significant capex has already been incurred in taking the PTFE capacity to around 16,000 tonnes per annum and we have also expanded capacities across the entire value chain and hence there is very minimal capex going forward to the tune of about Rs. 1 billion to Rs. 1.5 billion in order to take advantage of de-bottlenecking, higher value added products and some waste recovery and cost optimization schemes that we are implementing. What we expect to happen going forward is a significant improvement in capacity utilization from the present 60% to potentially going up to about 100% over the next two or three years. This is because of the investments that we have made in our marketing efforts - we have set up subsidiaries with dedicated marketing staff operating in all the major markets like the U.S. and Europe and the company has passed the stringent customer evaluation and product acceptance process for major customers over the last two or three years.

Improvement in capacity utilization will lead to higher operating margins because of economies of scale and operating leverage. We also expect to see increased contribution because of churning of product mix in favor of higher value added PTFE grades. Introduction of new value added products in the product basket will further improve the margin profile and focus on waste recovery and other cost optimization and value added product schemes will bring down operating cost and add to margins.

Also focusing on fluorospecialty chemicals, HF and TFE based fluorospecialty chemicals is going to the thrust area going forward. This will cater to the pharma and the agro chemical industries. We are forging partnerships with several MNCs in these segments which need access to fluorospecialty expertise and capabilities which is something that we have. And the surplus TFE capacity that has been released from the recent bottlenecking will add significant value to the fluorospecialty business.

So this ladies and gentlemen is a very broad description of our operating and financial performance for FY-15 and few words about the outlook going forward. I would now like to hand this over to Aman and Bhavin and open the house for question and answer session.

Moderator: Thank you very much. Ladies and gentlemen we will now begin with the question and answer session. If you have a question, please press "*" and "1" on your touchtone telephone and wait for your turn. If you like to withdraw your request you may do so by pressing "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen if you wish to ask a question please press "*" and "1". Any participants who would like to ask a question please press "*" and "1". We have the first question is from the line of Chetan Gandhi from Gandhi Securities. Please go ahead.

Chetan Gandhi: What is the total sales of the PTFE in tonnes and realization value?

Deepak Asher: I think the sales would be around 9,500 to 10,000 tonnes. Yes, 10,000 tonnes. And the value, as I just mentioned, just a give a moment to access that number, the value of PTFE sales is about Rs. 5 billion. Yeah, 5.2.

Chetan Gandhi: So around 5 lakh per…

Deepak Asher: Yes, that is right. 5 lakh to 5.1 lakh.

Chetan Gandhi: Sir I am asking about the last quarter I mean you have given I think the whole…

Deepak Asher: We have given for the full year that is correct.

Chetan Gandhi: Do you have the last quarter number sir?

Deepak Asher: Let me check that Chetan, right. Just a moment. The sales for last quarter were 2,350 tonnes and the sales value was about 120 crores i.e Rs. 1,200 million.

Chetan Gandhi: And sir what about we had lab testing for fluorospecialty chemicals, what is the status of that project sir?

Deepak Asher: I will just hand it over to Mr. Kakade to describe that.

Satish Kakade: Well we have been working on some of the specialty products in fluorochemicals. One of two such products already we have started manufacturing there are quite few other products which have been conceived on which R&D has been working. They are at the various stages of development and we hope to be able to get into its commercial production sooner or later.

Chetan Gandhi: Okay. And sir one more question on philosophy side I mean how Gujarat Fluoro group is poised to unlock the shareholders' value since all the majority of our subsidiary companies are listed and like Adani has recently done the demerger of that their two power and port business. How philosophically we are inclined to do that in the future?

Deepak Asher: See Chetan, as you are aware this question has come up several times earlier. So far our attention was focused on growing the wind energy business and also improving the capacity utilization and realization on the PTFE business the chemical business. Now that the first part, at least the IPO of the wind energy business is over, we will consider the possibility of unlocking value for shareholders. I cannot give you give any specific commitments at this stage but I can assure that we will consider all options on the table and do whatever is best in the interest of all Shareholders.

Moderator: Thank you. We have the next question from the line of Paras Nagda from Enam Holdings. Please go ahead.

Paras Nagda: Sir my question was particularly to this fluorspar mines that you have in Morocco. Can you update us what is happening there?

Deepak Asher: Yes, Mr. Soni will take that question.

V.K. Soni: Yes, we have already started the work on the fluorspar mine in the sense that the EPC contractor has completed the engineering and going to mobilize from July and within a year under the contract he should deliver the commissioned plant to us. So which is, in short, July of next year we should be having production commencement.

Paras Nagda: Okay. And how will be the ramp-up production and what is the capex that you spend on this mine?

Deepak Asher: The overall capex on this mine, the overall project cost was roughly about $10 million this was funded by about $6.5 million to $7 million of debt and about $3.5 million of equity and as you know we are a 76% partner in that so our contribution to the equity was 76% of that $ 3.5 million.

Paras Nagda: Perfect, sir the second thing that I wanted to understand that we have entered this Fluoro specialty business. If you could give us broadly what is the size of the industry? How we wish to penetrate? Which are the sectors that we want to focus and which are the major chemicals which you will want to develop and start?

Satish Kakade: Well as you know that PTFE itself is a very specialty polymer, most of its applications in various segments are strongly technical service oriented and there are quite a few opportunities in the specialty fluoropolymers as well as the specialty fluoroelastomers. Then there is a host of specialty fluorochemicals going into the agro chemicals and the pharmaceutical segment. Increasingly internationally, the other halogens are being replaced with fluorine because of much higher potency of fluorine molecule including in pharmaceutical where the efficacy of fluorine based molecules is much higher than others. Increasingly the MNCs in this segments have been seeking partnership with people who have the wherewithal for the fluorine based products. So there are quite a few of such opportunities coming up and we are working on these products. We have established an R&D, the R&D will also be further strengthened by doubling the staff strength. We are also having a multipurpose specialty fluorochemicals plant now in line with the pilot plant and we will be investing further in the pilot plant as well as the multipurpose plants as we start developing more and more products.

Paras Nagda: Correct. So if you could give me a sense of the industry how big this industry can be the whole fluorospecialty globally how big is this space?

V.K. Soni: V.K. Soni is here. Basically in both the pharma and the agro sector presently the fluorine molecule participates to extent of 20% to 25% and it is likely within the next couple of years to go up to 40% to 50% which is quite substantial because the crop protection chemical itself is about $65 billion in size and this is happening because fluorine molecules are much more effective, require low dosage and have minimal environmental impact. So we see the makers of crop protection and pharmaceutical do not have that much exposure to fluorine as GFL has, we have 25 years' experience in handling fluorine chemicals so more and more outsourcing is done by these producers of crop protection chemicals and pharmaceuticals therefore we expect very good future for this line.

Paras Nagda: Surely. And sir, as a strategy it will be more of export driven market or will it start with the domestic market?

V.K. Soni: I think it will be predominantly an export dominated market. Domestic multinational companies wanting to have strategic partnership with us - that also is something which we will be pursuing.

Paras Nagda: Okay. And sir my last question is what is the thought process on improvement of the PTFE tonnage going ahead and particularly last two-three quarters have been a bit sluggish so by what time do you think we will reach maximum capital utilization and thoughts on the same?

Deepak Asher: See as of FY-14 we were at about 50% capacity utilization, this year FY-15 I think we have entered into more 60% capacity utilization range. We do expect to reach about 100% over the next two years to three years' time. It would be difficult for us to give you exact or pin pointed projections in terms of when will reach how much but the goal very clearly is, based on the experience we have had of late, while I do know a bit that the growth has not been as robust as we had expected it to be, but the direction certainly remains there, we are growing and we expect to continue to grow and reach about full capacity utilization if not in the next two years surely in the next three years.

Paras Nagda: Okay. Earlier our target was by December 2016 if I am not wrong?

Deepak Asher: That is correct. As I said, we have, in a sense, fine-tuned our targets, downscaled them a bit in light of the fact that FY-15 was not as robust in terms of growth as we had expected it to be. But as I said, I think the overall direction continues to be upwards. The pace of that growth will be relatively muted as compare to what we were expecting earlier but we do not see any concern in being able to hit say 100% capacity utilization over the next two to three year.

Moderator: Thank you. We have the next question from the line of Ranjit Cirumalla from Batlivala & Karani. Please go ahead.

Ranjit Cirumalla: Sir, just missed on this 4Q FY-15 number of PTFE.

Deepak Asher: Sorry, you want what number?

Ranjit Cirumalla: PTFE the sales figure which was somewhere around 10,000 for FY-15 what was it for the 4Q?

Deepak Asher: You mean the volume?

Ranjit Cirumalla: Volume sir, yes.

Deepak Asher: Yeah, the volume was about 2,350 tonnes

Ranjit Cirumalla: 2,350. And sir out of this 5 billion revenues of PTFE for the entire year would the entire thing would be export or there is domestic party.

Deepak Asher: No, there would be domestic sales as well. Around 65% is for exports and 35% is domestic.

Ranjit Cirumalla: 65% export and remaining is domestic. So sir and then the chloromethane segment has performed for us even for the refrigerant gas and what was the specific reason for this performance?

Deepak Asher: I think chloromethanes performed well because there was a spurt in the prices of chloromethanes. Now we expect that to stabilize going forward I do not think it will remain at the high level that it was in FY-15. The average realization in FY-15 was about Rs. 43,000 per tonne as compare to Rs. 30,000 per tonne in FY-14. But we do expect this to be moderated a bit in FY-16 maybe in the rage of about Rs. 35,000 to Rs. 37,000 per tonne. As far as refrigerant gas is concerned we have commissioned our new facility at Dahej. We now therefore have a much larger capacity then what we use and we expect to be able to therefore go back into the merchant market for sale of refrigerants. Earlier we were actually diverting a large part of refrigerants to the production of PTFE, but now that we have more refrigerant capacity then what we require for PTFE, we would actually recommence sale and export of refrigerants.

Ranjit Cirumalla: And sir what were the mix of exports and domestic and refrigerant?

Deepak Asher: Again they are largely export dominant. I would tend to think just out of maybe about 80% exports and about 20% domestic.

Ranjit Cirumalla: That is helpful. And sir would it possible to share the volume figure for the refrigerant and the capacities for refrigerants?

Deepak Asher: Okay, if you would like to go through the volumes for refrigerants, in fourth quarter, we did about 3,680 tonne which his 35% higher than the 2,733 tonnes we did in Q4 of FY-14. For the full year the volumes were 11,700 versus 8,600 tonnes in FY-14 so the volume growth for the full year was about 35%.

Ranjit Cirumalla: The capacity?

Deepak Asher: The capacity would be much larger. The only reason I am hesitating to mention a capacity is significant part of that capacity will also go to for feedstock in PTFE production.

Ranjit Cirumalla: Sure, sir. And last question is on the exceptional item wherein where we have couple of things project abandonment expense of around 4 crores and loss of sale of fixed asset of gas turbine of 17 odd crores so can you a bit elaborate on these two things?

V.K. Soni: You see we had originally designed our power supply based on natural gas but as it is now common knowledge, the natural gas availability as well as the prices are becoming unviable so therefore we had redundancy of this and instead we have installed coal-based power plant so therefore this gas generation equipment was disposed.

Ranjit Cirumalla: And project is it the same project the power project abatement expense?

V.K. Soni: Yes, that was another chemical project where during the course of implementation we found that a much cheaper alternative raw material has come up making the project on which we had planned unviable therefore we abandoned it in between.

Ranjit Cirumalla: Sure. And sir my last question is on this PTFE we would like to go to higher value chain so what would the mix within the PTFE currently?

Deepak Asher: If you look at our numbers for FY-14 for example, about 6,300 tonnes were the commodity PTFE and about 1,600 tonnes was the value-added PTFE so the product mix was 6,300 versus 1,600. If you look at the numbers for FY-15 our commodity PTFE remains at about 6,500 tonnes but the value-added PTFE is now about 2,700 tonnes so almost the entire increase has come from the value-added PTFE grade. From a growth perspective, the value added PTFE sales in volume metric tonnes will be about 68% in FY-15 compare to FY-14.

Ranjit Cirumalla: And is there a difference in the realization?

Deepak Asher: Yes, the average realization for the commodity grade, again these are averages of several sub-grades put together, but the average realization for the commodity grade would be about $8 per kilo and for the specialty grade it would be about $10 to $10.5 per kilo.

Moderator: Thank you very much. A reminder to our participants, if you wish to ask a question please press "*" and "1". We have the next question is from the line of Chintan Sheth from SKS Capital. Please go ahead.

Chintan Sheth: Just want to get more elaborate sir on growth path you are expecting your utilization to grow from 60% currently to 100%, what are the growth drivers which will drive this capacity utilization going forward? What are the user industries where demand will come up and spurt will be there?

Satish Kakade: Yeah, I think basically PTFE being a very specialty product, it takes a long grilling time to get your product qualified. We started manufacturing PTFE with granular which is me-too kind of segment of PTFE. We then set-up our facilities to make more value added emulsion based PTFE which are known as fine power and aqueous dispersion. Production of a fine power began about 2.5 years to 3 years ago and the aqueous dispersion production began last year. These are more value adding products. These products were introduced much later as I had just mentioned and it takes a long time for the customers to go through the process of qualifying your product but in the last two years to three years we have invested so much of effort in working with customers closely to get our products qualified and with most of these customers these products either have been qualified or are in the advanced stage of getting qualified. We expect that going forward most of these business will fructify and to that extent, volumes in these new segments will increase significantly to fill the full capacity.

Deepak Asher: If I may just answer your question differently, I think what you were trying to drive is what the growth drivers for the user industry are. We are not really looking for growth drivers in the user industry, we are actually looking to displace at the existing suppliers of PTFE which are suppliers from the developed world because we believe that we can offer a product quality which is comparable to what they are offering but at a price which is much more competitive because of our integration from PTFE back to the refrigerant gas back to AHF and back to chloroform and back to chlorine. We believe we are amongst the most cost competitive producers of the PTFE globally and as I said, the growth that we expect to happen is going more from being able to displace the developed country producers in the high value-added grades because of our cost competitiveness.

Satish Kakade: If I may add further to this that in order to be able to achieve that we have invested further efforts in strengthening our sales and marketing staff, we have set-up regional offices in Europe as well as in US, we are also deployed dedicated people who are now operating from these respective regions and our technical service people are also moving around both these regions to work with the customers to get our products qualified.

Chintan Sheth: And what kind of market size if I may ask for this value-added currently is and our share will be lower currently but management target to reach the desired market share?

Satish Kakade: Well this both segments put together the total market size will be to the tune of 50,000 tonnes to 60,000 tonnes per year globally. Our capacity is going to be about 6,000 to 7,000 tonnes so we are expecting to be able to garner about 12% to 15% market share in this segment.

Chintan Sheth: Okay. And currently we are at 4% to 5%.

Satish Kakade: 5% to 6%, yeah.

Chintan Sheth: 5% to 6%, okay. So doubling from here onwards?

Satish Kakade: Absolutely.

Chintan Sheth: And sir, on the refrigerant gas you mentioned quantum annually consumed or merchant sale, was our usage indigenous usage?

Deepak Asher: Well roughly we consume 2 tonnes - 2.2 tonnes of refrigerant gas for every tonne of PTFE produced For the 10,000 tonnes that we would have produced last year we would have consumed about 22,000 tonnes.

Chintan Sheth: Okay. So balance 11,000 tonnes - 12,000 tonnes you sold off as merchant.

Deepak Asher: That is correct.

Chintan Sheth: Okay. Any plan on debt reduction from the current level are we…

Deepak Asher: On a standalone basis?

Chintan Sheth: Yes on standalone.

Deepak Asher: On our standalone basis frankly speaking we are virtually debt-free because with the cash that we have received on the participation in the offer for sale in the Inox Wind IPO - we raised about 300 crores which we received on the 31st of March. Our long-term debt on the balance sheet of GFL of 31st of March was about 300 crores so in that sense we are virtually debt free apart from some 250 crores to 300 crores of working capital borrowings which are short-term borrowings.

Moderator: Thank you. We have the follow-up question from the line of Paras Nagda from Enam Holdings. Please go ahead.

Paras Nagda: Yeah, just a follow-up from side. Sir predominantly this PTFE currently the 500 crore sales will be all exports?

Deepak Asher: Not all exports it will be about 70% exports, 30% domestic.

Paras Nagda: Okay. And sir any thoughts on developing India PTFE market sir?

Satish Kakade: Yeah, we have been actually putting in a lot of efforts to work with our local PTFE processors to see if they could increase their machineries bringing some latest state of the art machines to be able to make more sophisticated PTFE based products and components that has resulted in growing the market to some extent but we reckon that there is substantially huge potential in the domestic market to grow in the consumption of PTFE.

Moderator: Thank you. We have the next question from the line of Ranjit Cirumalla from Batlivala & Karani. Please go ahead.

Ranjit Cirumalla: In the opening remarks you have mentioned there would not be any significant capex probably over the next two years to three years and it will be your maintenance capex of Rs. 1 billion to Rs. 1.5 billion. Now within the fluorospecialty or specialty segment we are working on the molecule and what if some of them would get commercialize so in that case how big would be the capex for us?

Deepak Asher: It would not be very significant it would be within the range that I indicated.

Ranjit Cirumalla: Okay. Cannot be more than around 200, it would not like 500 crores kind of…

Deepak Asher: No, certainly not. As I said, our CAPEX plans for the next two years would be in the tune of about 100 crores to 150 crores per year and this will include any CAPEX required for fluoro specialty business.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand the floor over to Mr. Bhavin Vithlani from Axis Capital for closing comments. Thank you and over to you, sir!

Bhavin Vithlani: Thank you. We would like to thank the management of Gujarat Fluorochemicals Ltd for providing us this opportunity and the participants for joining in the conference call. Before we close, I would like to hand the call to Mr. Asher for the closing remarks.

Deepak Asher: Well once again, I like to thank all investors and analysts for participating on this call. We truly appreciate your interest in the company and its business. And we look forward to your continued interest in what we are doing. And we also like to thank Bhavin of Axis and Aman for hosting this call. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen with that we conclude this conference. Thank you for joining and you may now disconnect.