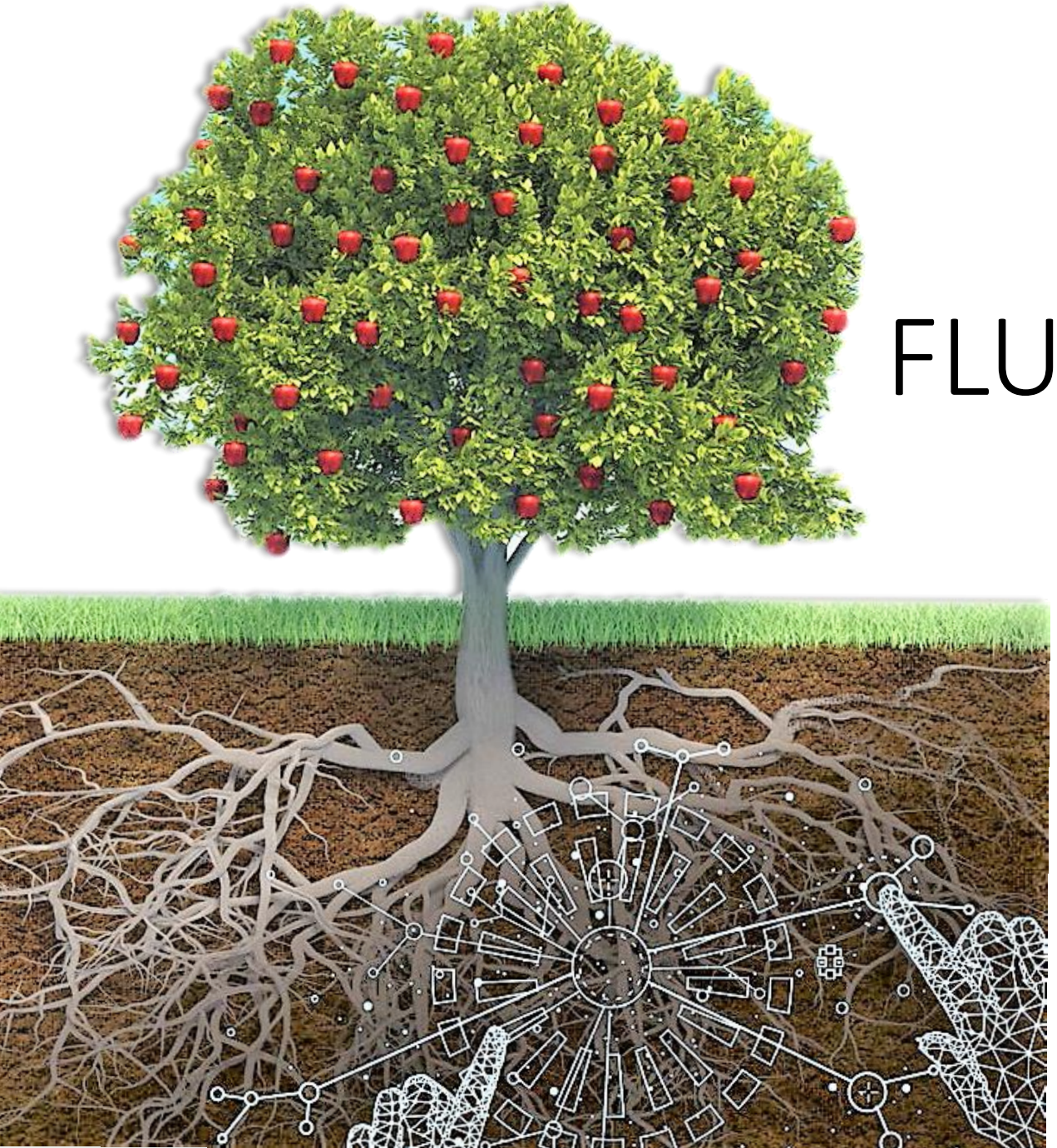

GUJARAT FLUOROCHEMICALS LIMITED

Investor Presentation

August, 2018

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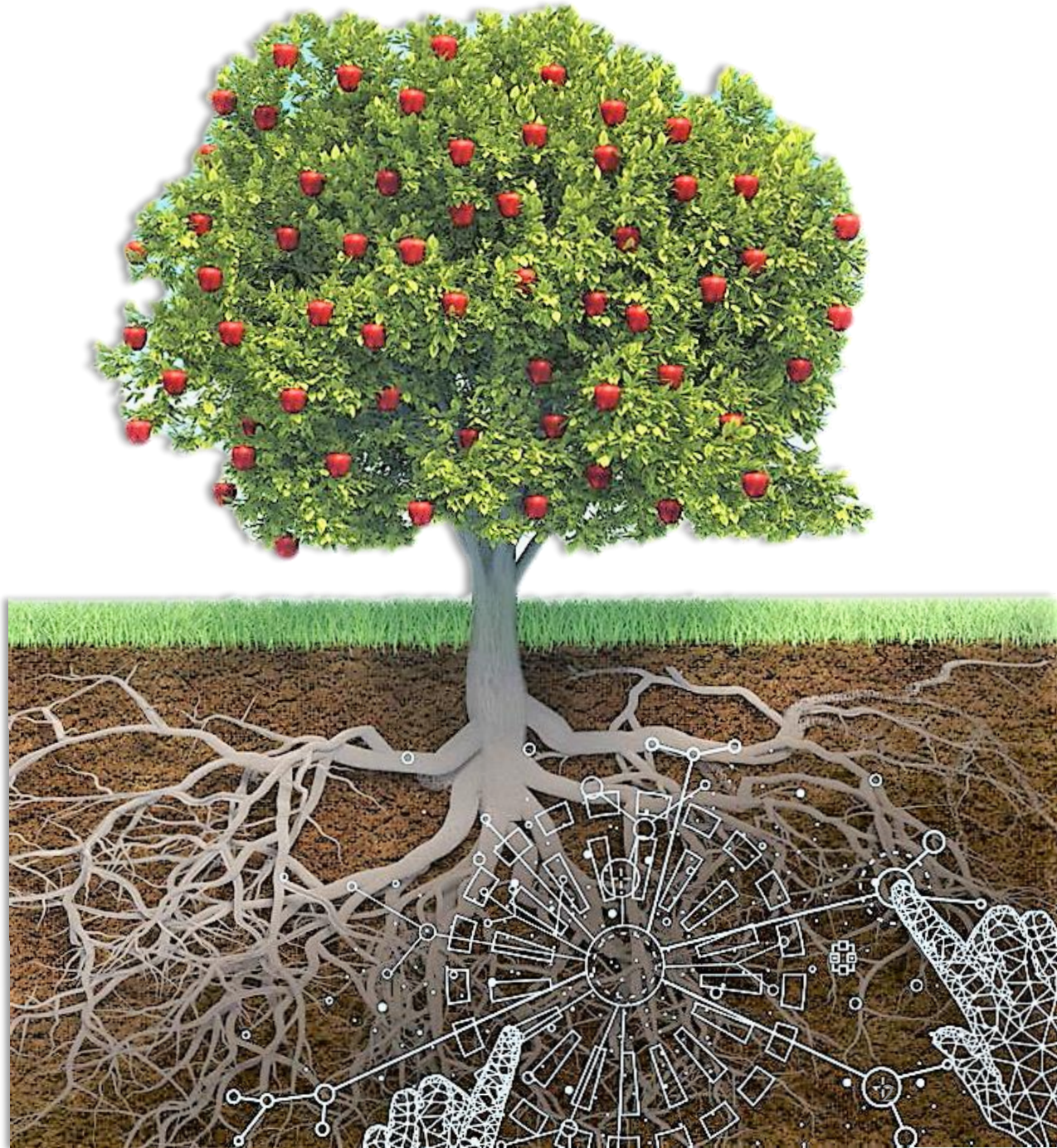
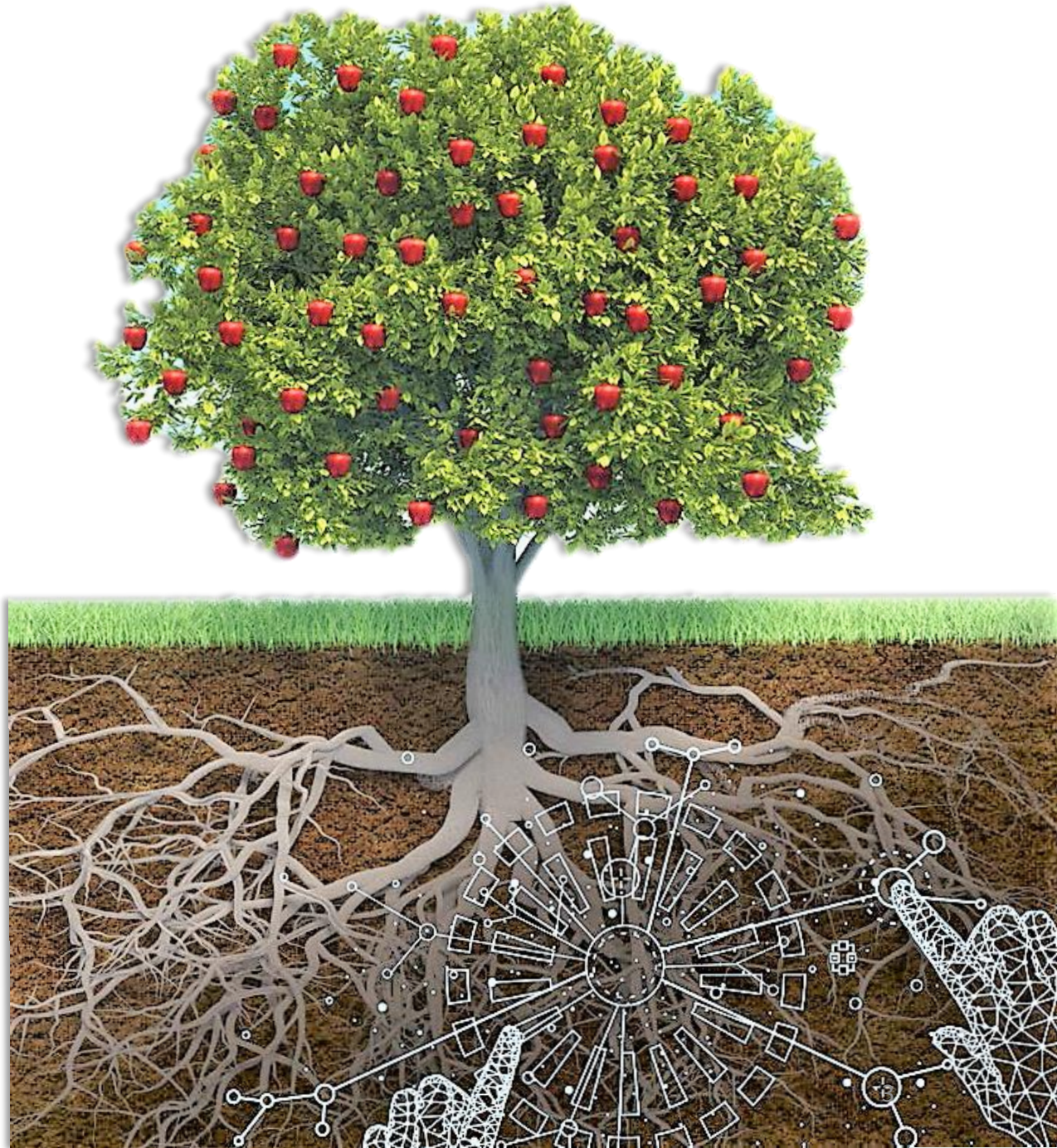
- The path forward



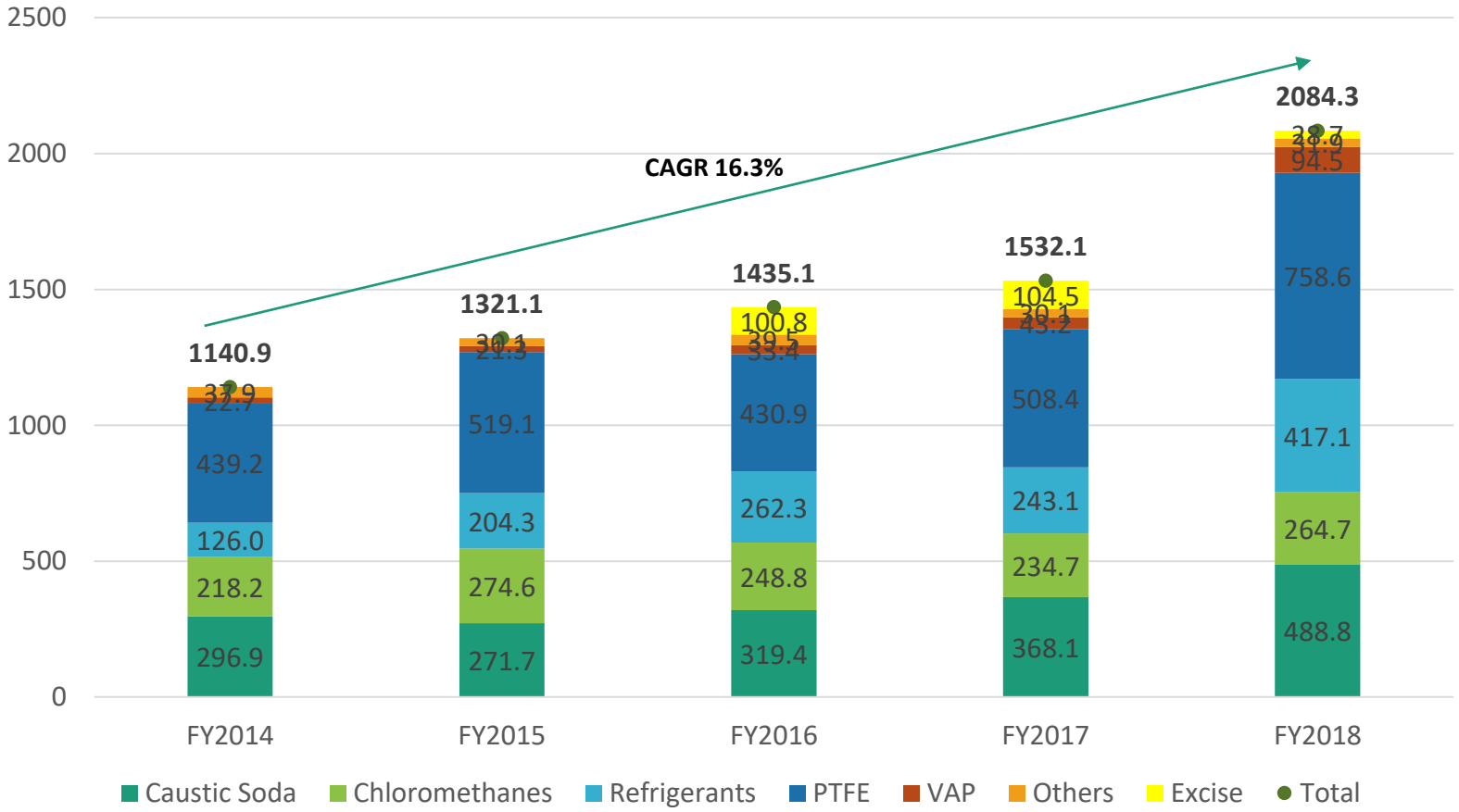
Note: all numbers in this presentation are based on the Standalone Financial Accounts of GFL, and represent the chemical business alone.

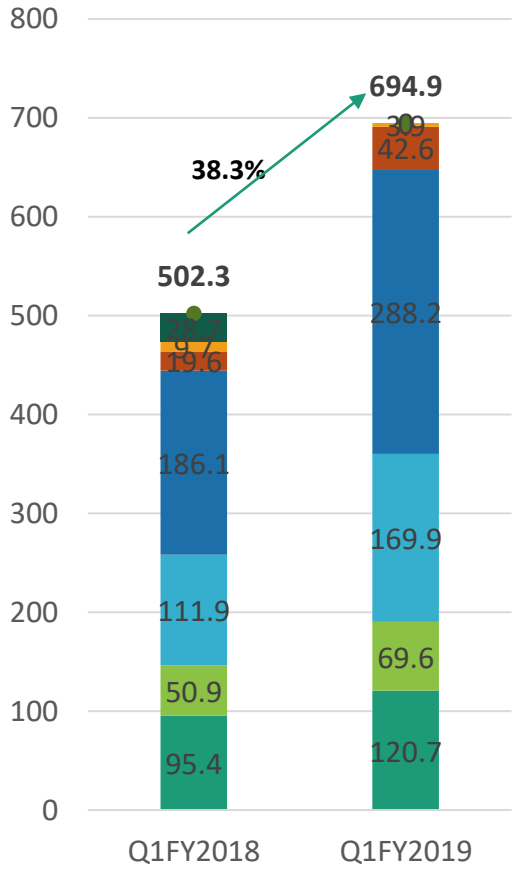
The story so far



Revenues

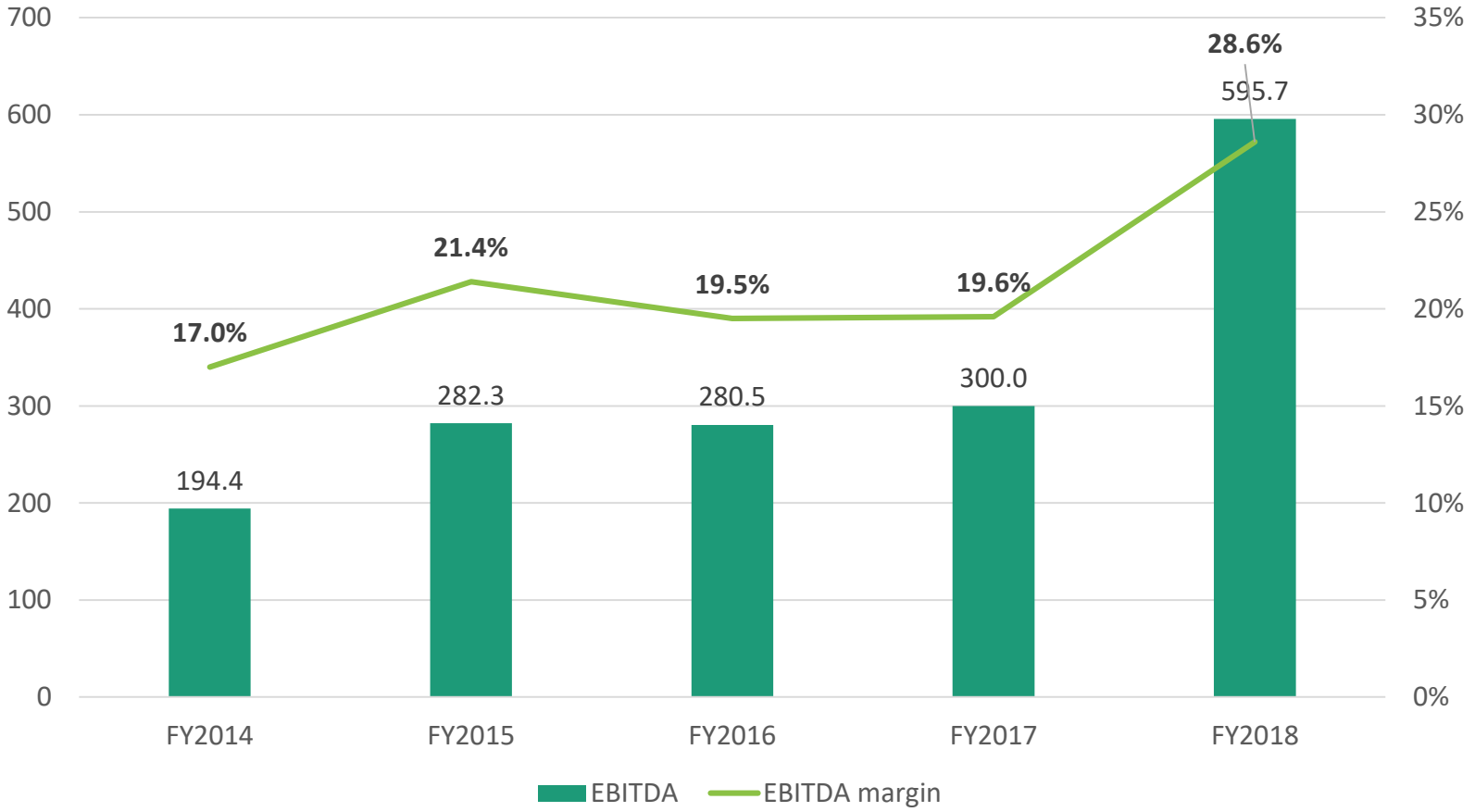
Rs. in crores

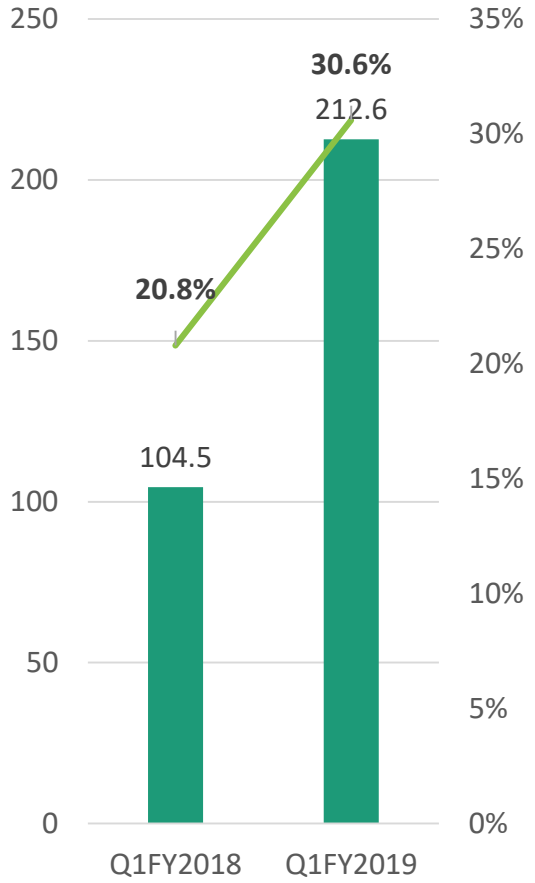




EBITDA and EBITDA margin

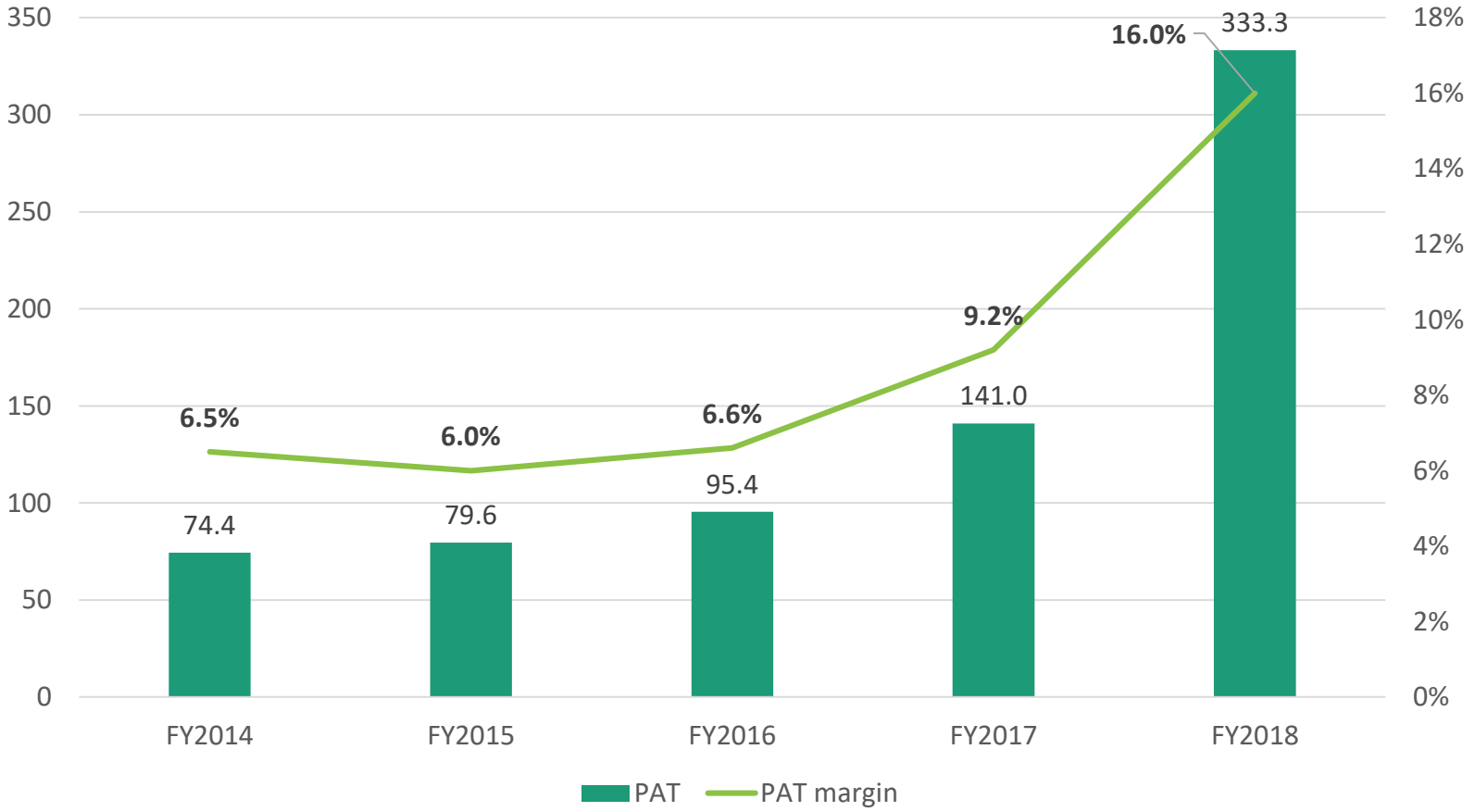
Rs. in crores

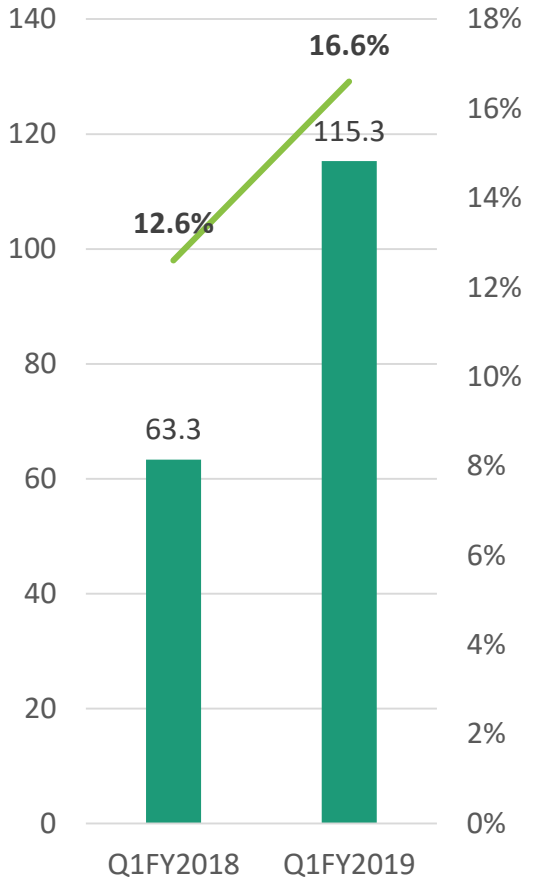




PAT and PAT margin

Rs. in crores

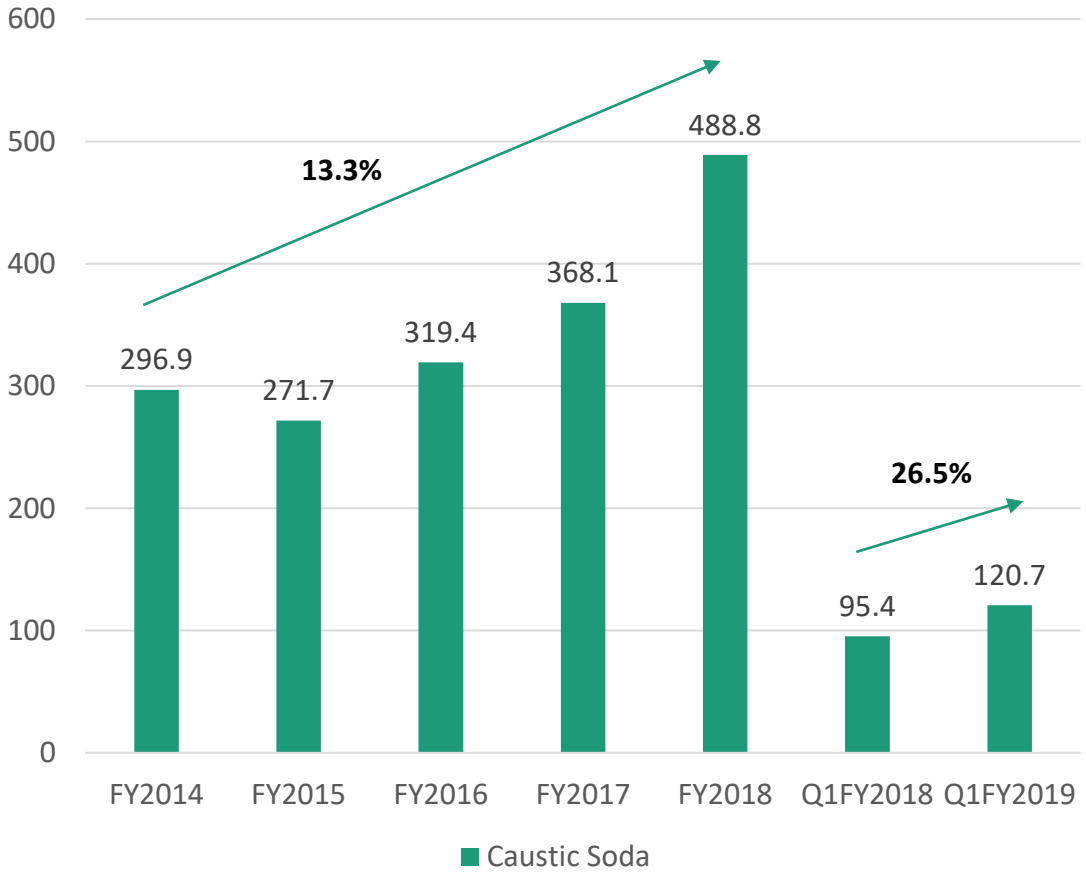


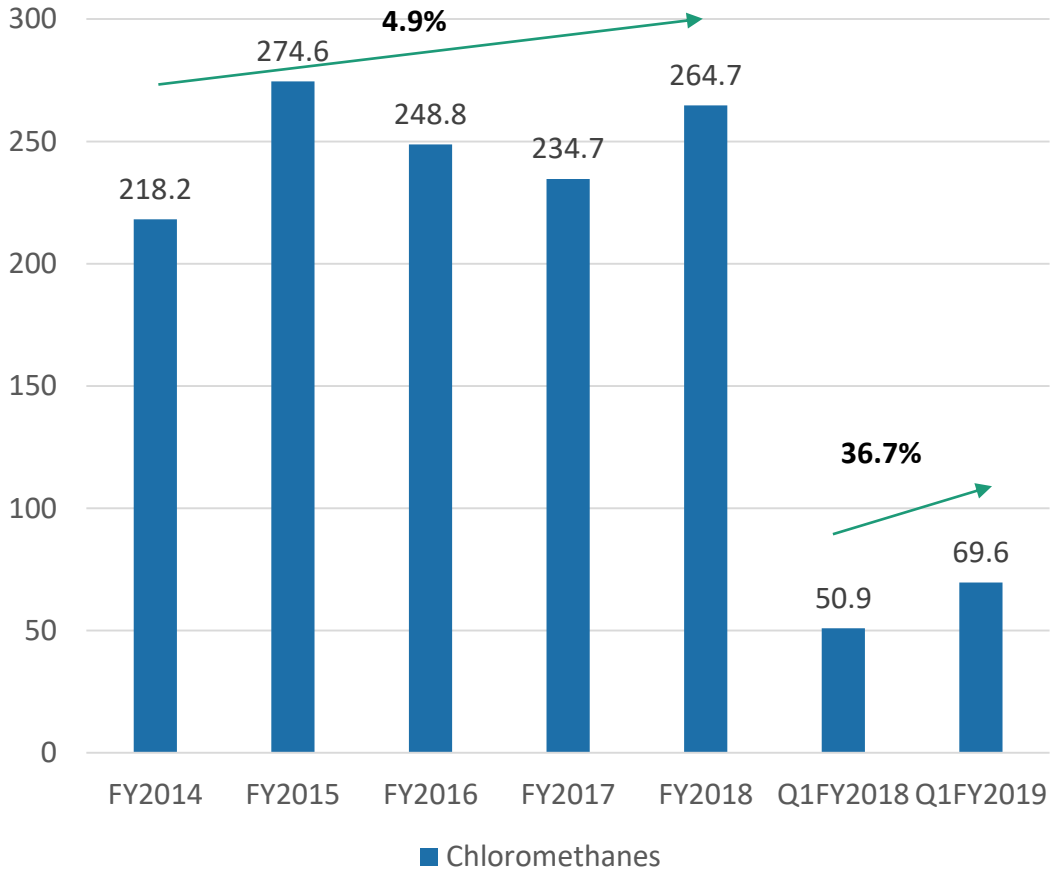


Note: PAT and PAT margin are after excluding exceptional items

Revenues – Caustic Soda and Chloromethanes

Rs. in crores

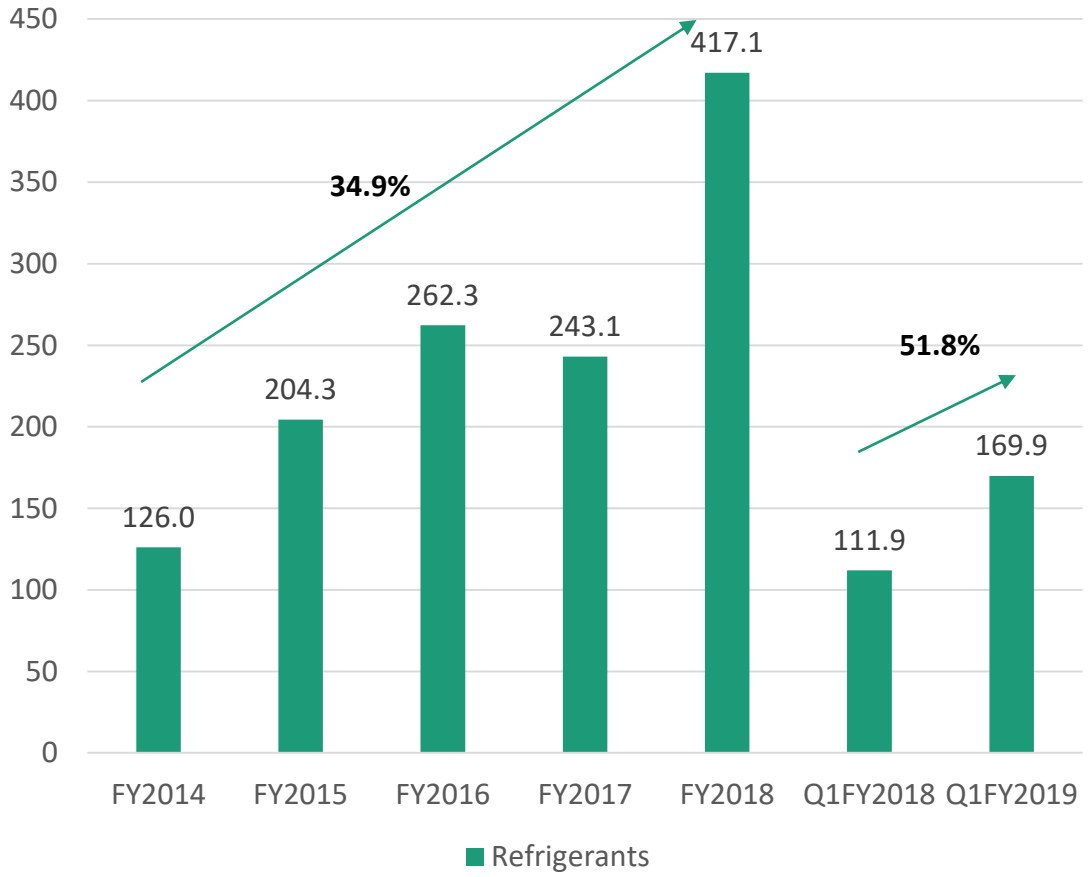


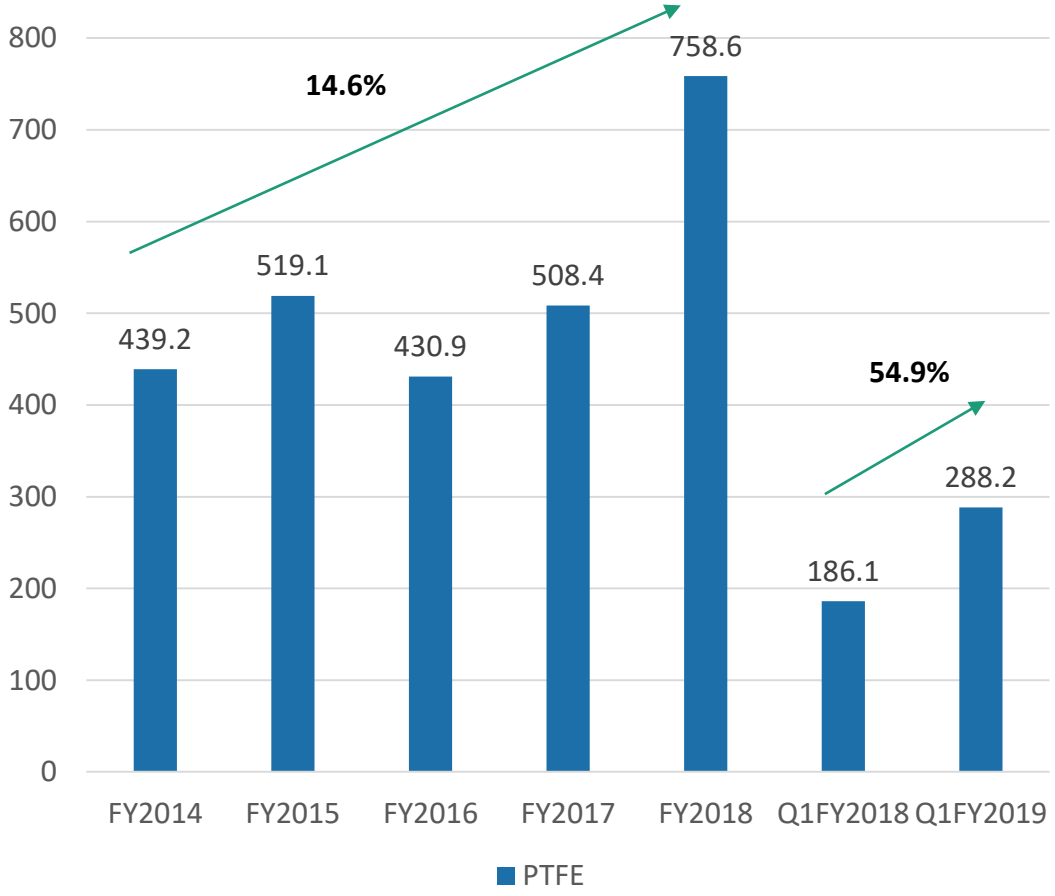


Note: Caustic revenues include revenues from byproducts from caustic plant

Revenues – Refrigerants and PTFE

Rs. in crores



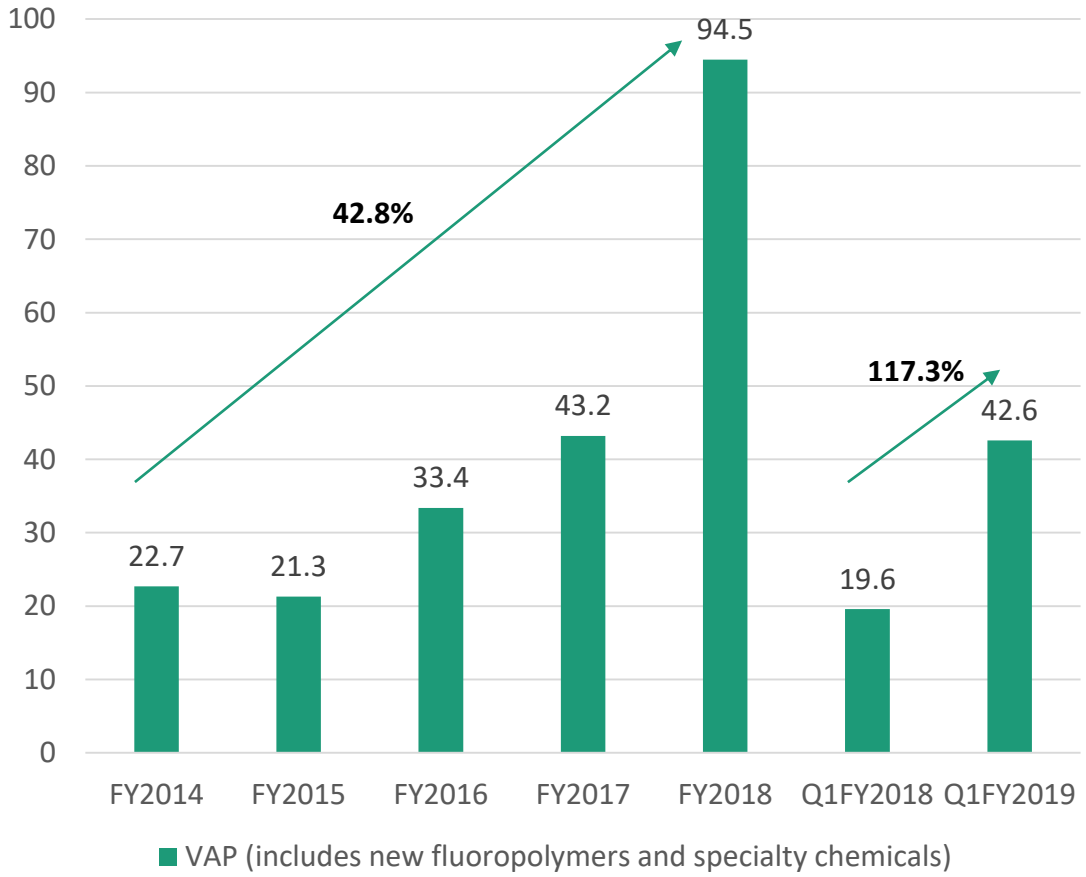


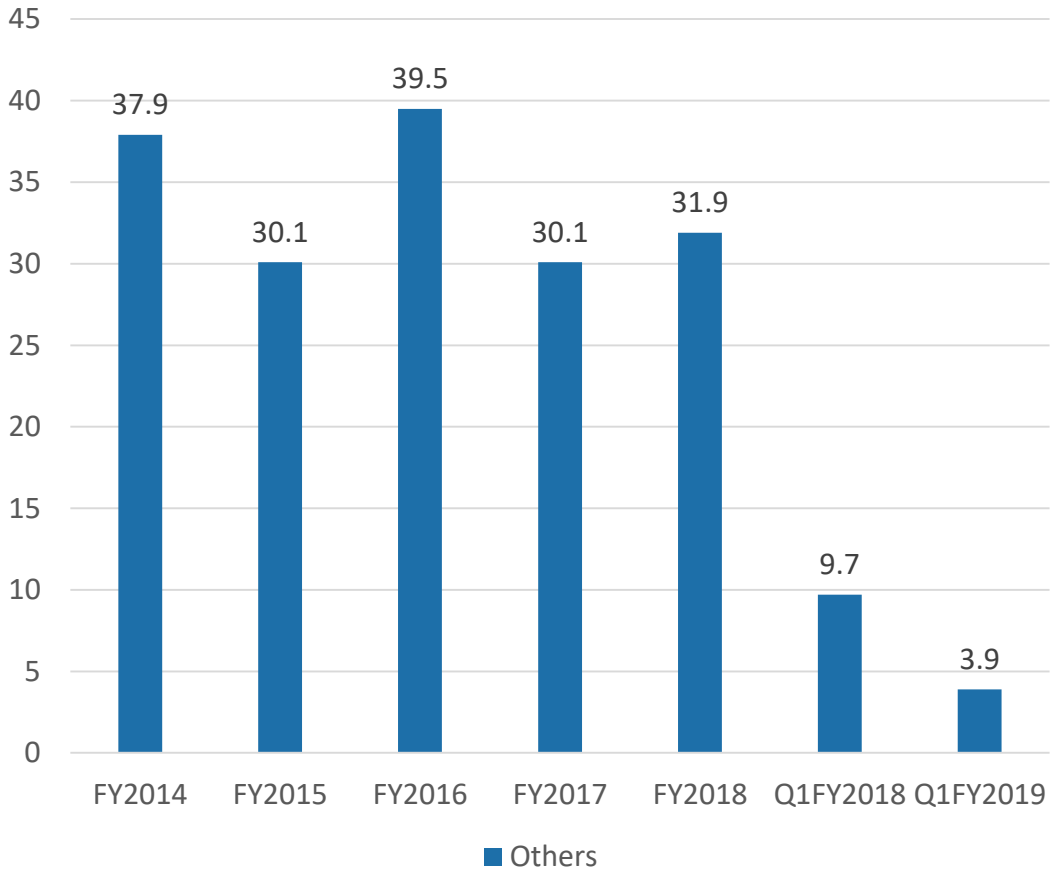
Refrigerants revenues include traded refrigerants

PTFE revenues include sale of wastes and fines from PTFE plant

Revenues – VAP and Others

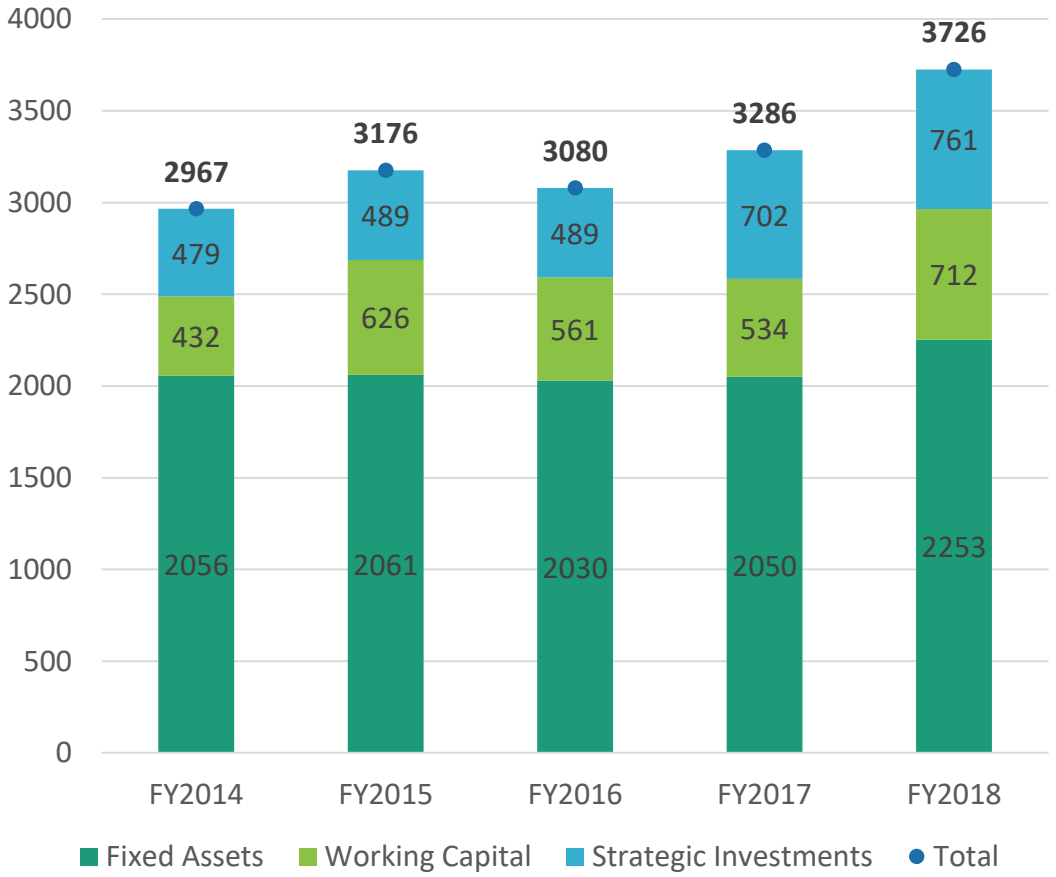
Rs. in crores

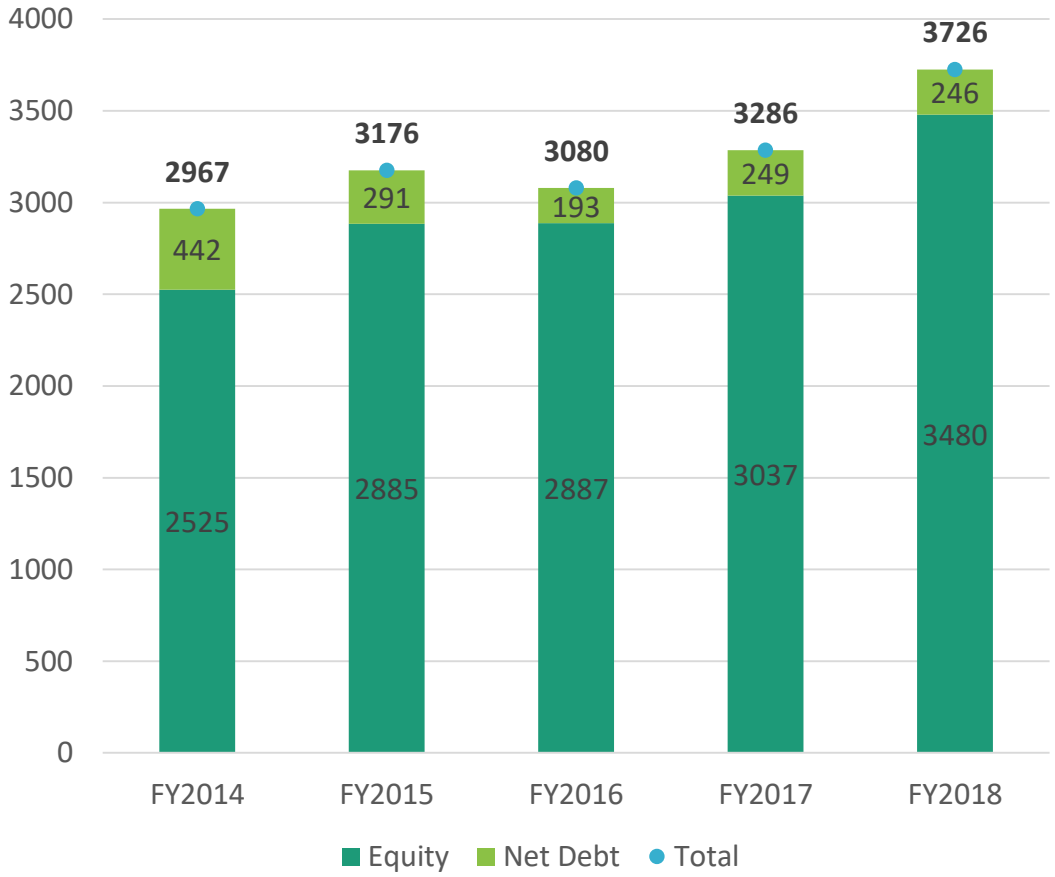




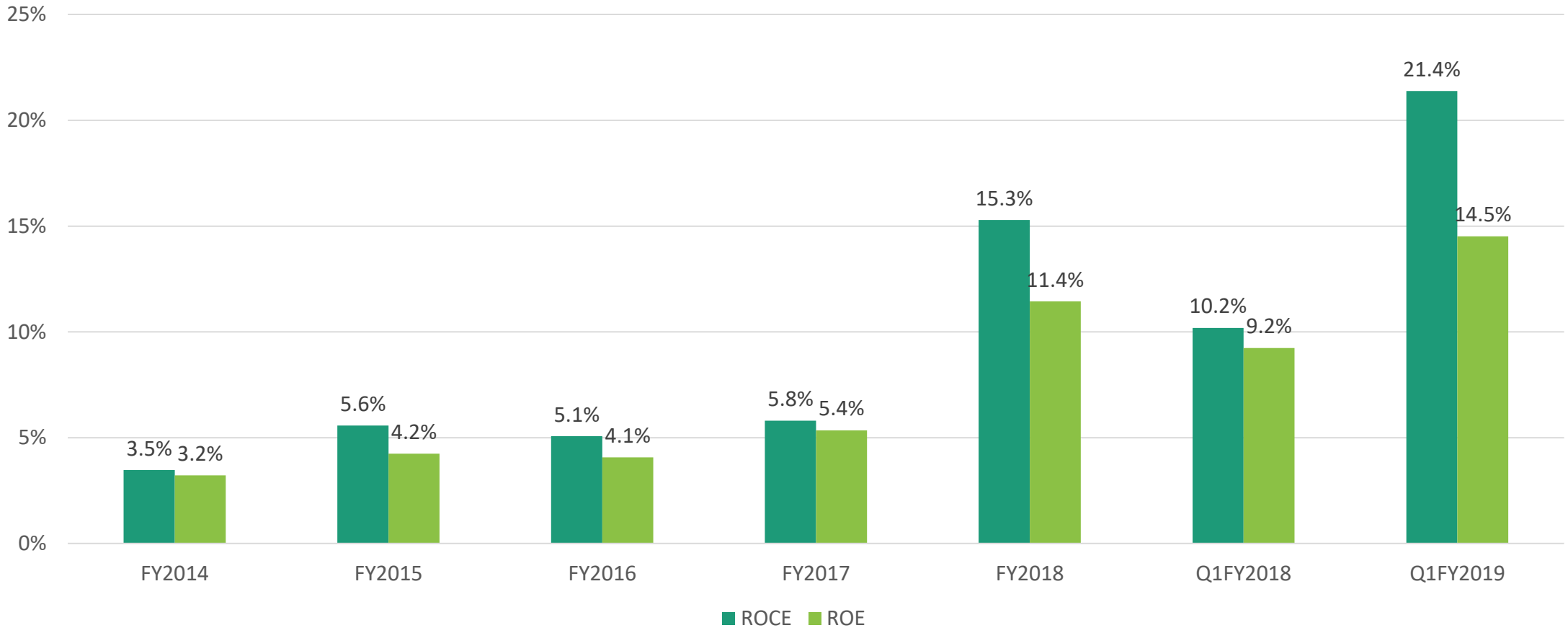
Balance Sheet

Rs. in crores



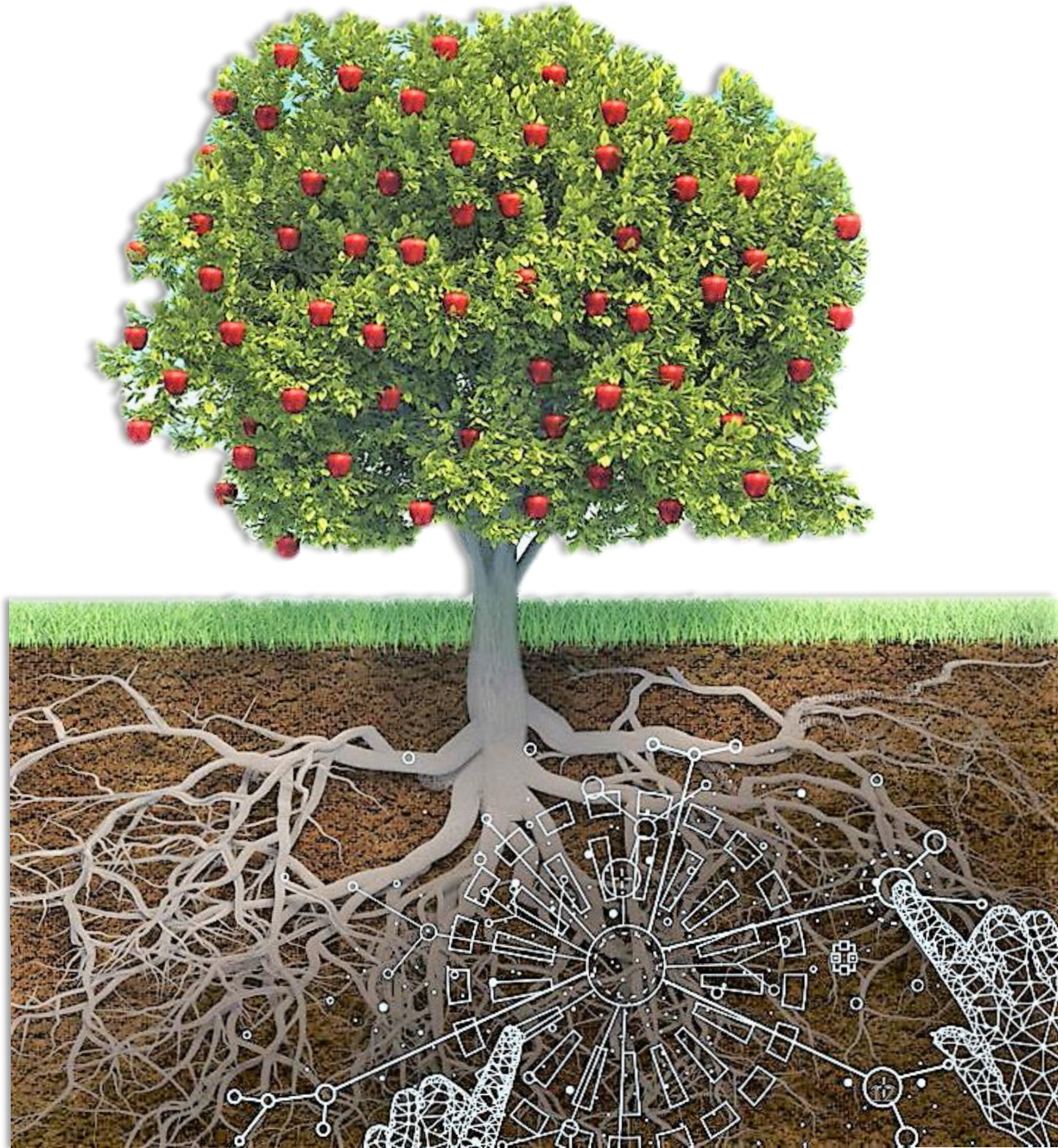


ROCE and ROE



ROCE = EBIT / Average Shareholder Funds + Total Debt – Strategic Investments – Treasury Investment
ROE = PAT / Average Shareholder Funds – Strategic Investments

The platform created



Global Fluoropolymer Industry

- Global demand of various fluoropolymers would be around 336,000 MT per annum, growing at around 4-5% per annum
- Suppliers include a few Western producers and a handful of Chinese manufacturers
- Western producers not expanding because
  - Tougher environmental regulations leading to higher capex requirements
  - Higher operating costs impacting competitiveness adversely
  - Limitation of feedstock capacities
- Chinese producers
  - Cater primarily to domestic markets (less than 30% of Chinese production exported)
  - Even in export markets, mainly focus on commodity grades

GFL strategy in the fluoropolymer market

- Differentiate from Chinese manufacturers and move closer to Western producers by
  - Continuous improvement in product quality and consistency
  - Understanding customer requirements and undertaking product development to fulfill customer needs
  - Expanding range of PTFE grades for different applications – to become a full range supplier
  - Strong presence in key geographical markets
  - Ensuring regular and timely supplies through local warehouses in US and Europe
  - Proactive engagement with customers providing them with technical and logistical services
  - Engaging services of experienced business development and technical professionals with globally renowned expertise to hasten the process of market access, product acceptance and provide customer support

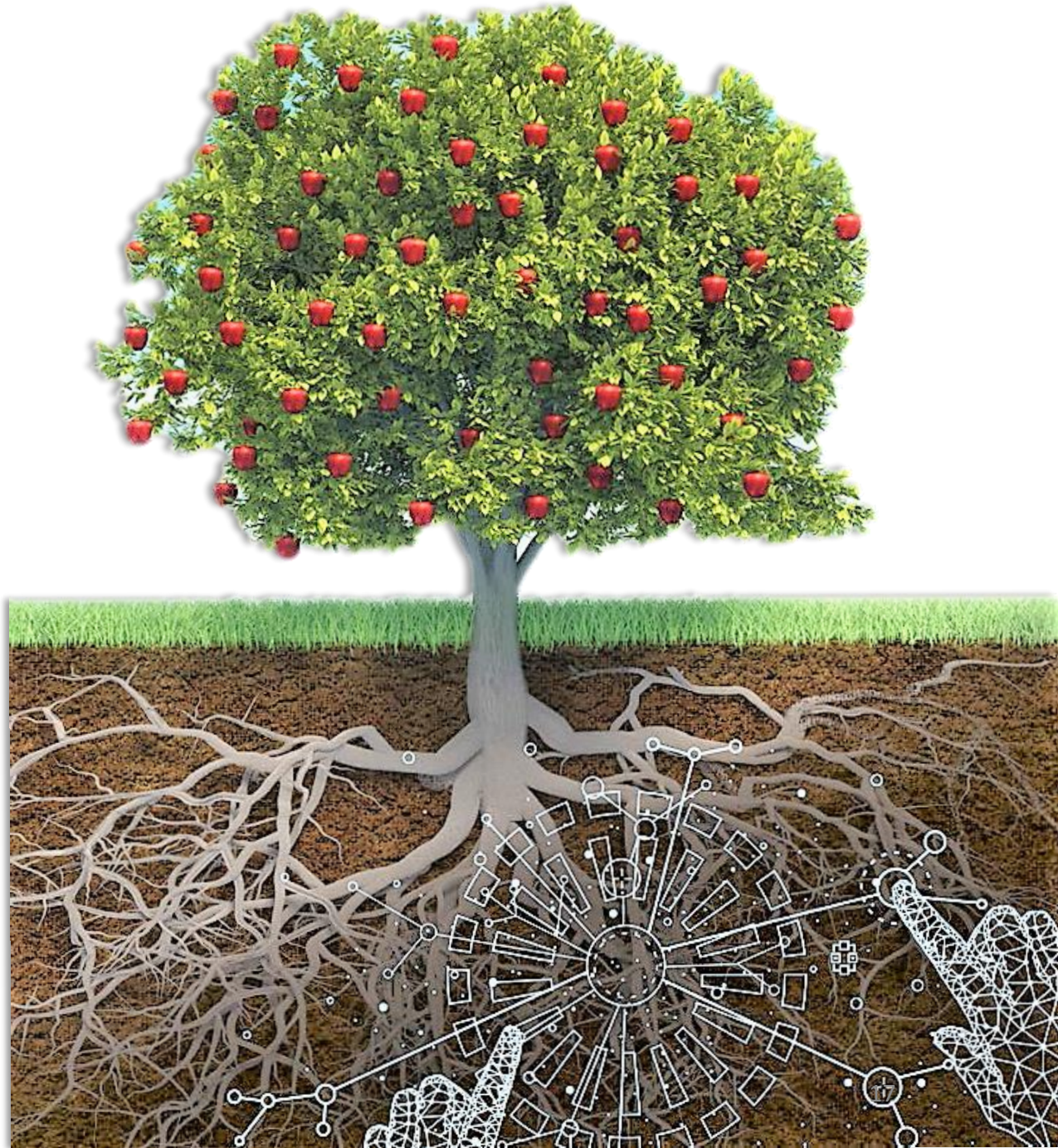
GFL positioning in the fluoropolymer market

- As a result of above strategy, GFL is now seen as
  - Having a sustained and long term presence in the fluoropolymer market
  - A reliable supplier of consistent high quality product at competitive prices
  - Capable of engaging in product development to supply wider range of product grades
  - Committed to make investments in additional manufacturing capacity to meet long term needs
- Consequently, GFL is now a major supplier of PTFE in European, US, Latin American and Asian markets
- In fact, with Western producers not able to meet growing requirement, and Chinese manufacturers not offering the wide range of product grades with consistent quality, GFL is viewed as the only new **reliable, committed, strategic long term partner**
- Additionally, with domestic market growing at around 12-15% per annum, GFL, being the only Indian producer, expects to continue to enjoy a significant share of the domestic market as well
- GFL envisons a substantial growth in PTFE sales because:
  - New customers, who were initially reluctant to commence buying from GFL, are increasingly evaluating and approving GFL as a supplier.
  - Existing customers are giving GFL an increasing proportion of their PTFE requirements.

GFL’s strategic advantage

- One of the most competitive producers of fluoropolymers due to its fully integrated manufacturing operations starting from basic raw materials
- Ability to develop new products and grades in a very short period fo time using its R&D capabilities
- Unlikely that new international competition will emerge, given complexity of business and limitation of feedstock availability
- Stringent and time consuming process of customer qualifications, approvals and meeting international standards creates a barrier to market access for others
- Stickiness of business once established, because of tedious process of customer approval

The path forward



Growth in PTFE

- GFL has further expanded its monomer and polymer capacity to cater to the growing demand of its products in all geographies
- Over the next 6 quarters, GFL expects a ramp up in volumes of the new grades of PTFE which have been developed and introduced in these markets
- The timely enhancement of capacities will ensure that GFL is able to cater to the new opportunities which have been created because of the larger product portfolio and growing demand
- GFL expects to consolidate its position and emerge as one of the top 3 suppliers of PTFE worldwide

Expansion in New Fluoropolymers

- After making successful inroads in the global PTFE markets, GFL is expanding its presence in other fluoropolymer products
- Considerable time, energy and resources have been invested over the past two years to develop the technology and build production capacities for a bouquet of specialty fluoropolymers
- Product trials currently under way in all major markets – initial approvals already started coming in
- Ramp up of market in these new products expected to be much faster due to GFL's established presence and reputation as a reliable, committed, strategic long term partner capable of delivering consistent high quality products at a competitive price
- Trade names of all new products registered

New Fluoropolymers business snapshot

- New fluoropolymers include FKM, FEP, PFA, PVDF, Micropowders and PPA
- Global market 1,35,000 tpa
- CARG 5% - 6%
- GFL capacity 6,500 tpa
- GFL global market share 4% - 5% (at full capacity)
- Annualised turnover at full capacity Rs 600 crores
- Annualised EBITDA at full capacity Rs 300 crores
- GFL is working on additional fluoropolymers that will keep on being added to the product portfolio

New Fluoropolymer: FKM

Substance Name:	Fluor Karbon Material
Applications:	Fuel hose, automative seals and gaskets, o-rings, turbocharger hose, fuel injector, fuel resistance tubes, shaft seals, valve stem seals
Global market:	25,000 tpa
Annual growth rate:	5% pa
Major suppliers:	Chemours, 3M, Solvay, Daikin

New Fluoropolymer: PFA

Substance Name:	Per Fluoro Alkoxy Alkane
Applications:	Chemical resistance lining, tubing, cast film coating, impregnation for high temperature chemical resistance
Global market:	5,500 tpa
Annual growth rate:	5% pa
Major suppliers:	Chemours, 3M, Daikin

PFA- Tubings

PFA- Pipe fittings

PFA- Lined Elbow

New Fluoropolymer: FEP

Substance Name:	Fluoro Ethylene Propylene
Applications:	Chemical resistance lining, hook up wire, co-axial cable, LAN cable, film and coating
Global market:	29,000 tpa
Annual growth rate:	5% pa
Major suppliers:	Chemours, 3M, Daikin, Donguye

FEP- Cable

FEP- Wire

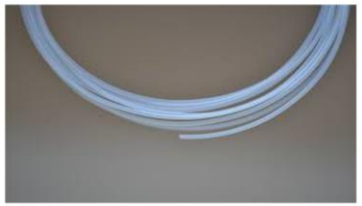
FEP- Film

New Fluoropolymer: PVDF

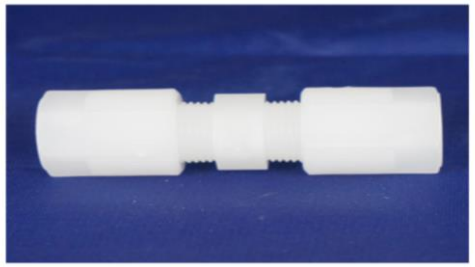
Substance Name:	Poly Vinylidene Fluoride
Applications:	Electric wire insulation, pipes, connectors, battery binders, architectural coatings, solar panel films
Global market:	42,000 tpa
Annual growth rate:	5% pa
Major suppliers:	Arkema, Solvay, Kureha

PVDF-Ball-valve-flange-end

PVDF Tubing



PVDF Tube connector



New Fluoropolymer: PPA

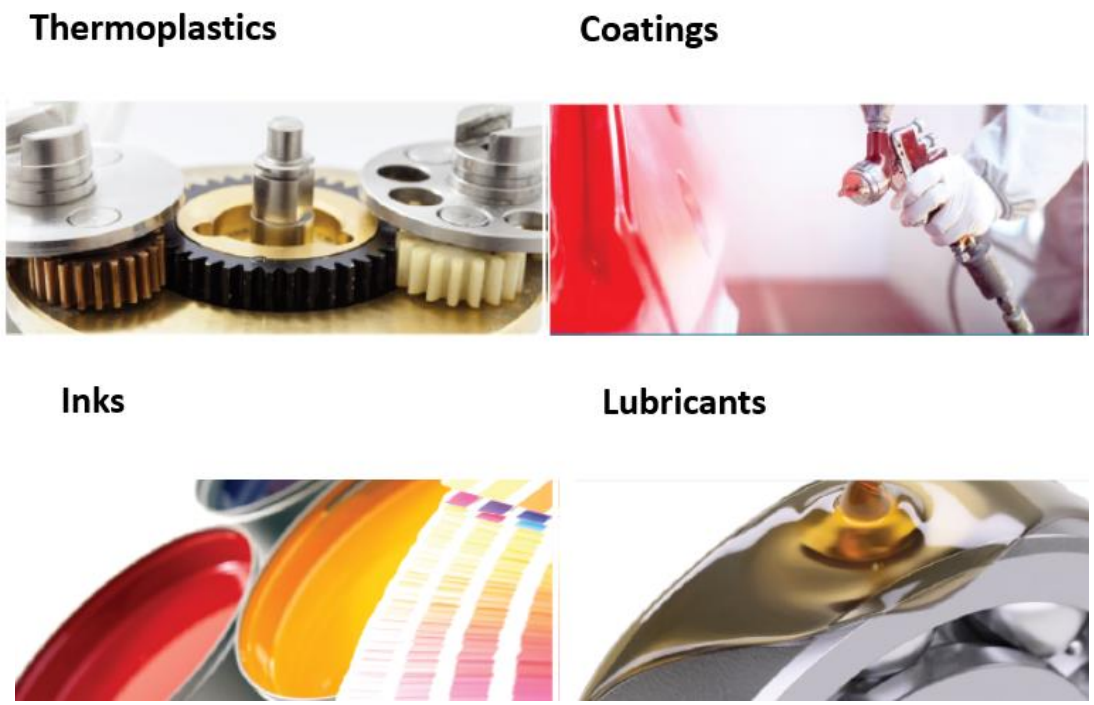
Substance Name:	Polymer Processing Aid
Applications:	Extrusion and blown film applications
Global market:	7,000 tpa
Annual growth rate:	6% pa
Major suppliers:	Chemours, 3M

Pipes

Film Extrusion

New Fluoropolymer: Micro powders

Substance Name:	Direct polymerized / irradiated / thermal extruded
Applications:	Additives for inks, coatings, rubbers, plastics, greases
Global market:	25,000 tpa
Annual growth rate:	5% pa
Major suppliers:	3M, Solvay, Shamrock



Entry into Specialty Chemicals - outlook

- Major applications: crop protection chemicals and pharmaceutical intermediates
- Organic Fluorine (F) molecules are increasingly becoming ingredients in newer crop protection and pharmaceutical molecules due to
  - Higher efficacy as F has the highest electronegativity or reactivity
  - Liphophilicity property which means F can dissolve readily in fats in plants and insects
  - Low volume dosage (due to high efficacy) thereby cuasing minimal environmental impact
- Due to healthier crops and more effective medicines with F incorporation, it is expected that around 40% (from 20% presently) of pharma intermediates and around 50% of crop protection chemicals (from 30% presently) will have F molecules in the next few years

Specialty Chemicals – GFL status

- GFL has set up an R&D centre, approved by Ministry of Science and Technology, Government of India, with 4 analytical laboratoris and 2 pilot plants
- Using this R&D centre, GFL has developed in-house technology for about 11 molecules on lab, kilo lab or pilot scale
- First MPP (multi-purpose plant) commissioned earlier this year, with 2 products already commercialized
- One more product commissioned and under commercialization
- Plant facilities for additional 4 products expected to be commissioned in Q4FY2019 and commercialized in Q1FY2020
- Most of the capex for these already incurred

Specialty Chemicals - business snapshot

- GFL strengths:
  - Nearly 30 years' experience in safely handling F molecules
  - In-house availability of host of key building blocks for F molecules
  - Cost competitive manufacturing due to fully integrated value chain
- Annualised turnover at full capacity Rs 400 crores
- Annualised EBITDA at full capacity Rs 150 crores
- GFL is working on additional specialty chemicals that will keep on being added to the product portfolio

Thank you!!