

Gujarat Fluorochemicals Limited

Earnings Presentation

Q2FY22



Overview

Core Competencies

Financials

Q2 FY 22 Earnings Update



Overview



The Inox Group, established more than 90 years ago, is a well regarded USD multi Billion group with diversified presence across **7 business verticals**. It includes 5 listed companies with a combined market cap of **~USD 4.3 Bn**. The group has recently restructured in two different independent groups led by Mr. Pavan Jain & Mr. Vivek Jain respectively



Mr. Vivek Jain

Chemical Business

Renewable Energy Business



- Gujarat Fluorochemicals Ltd, leading Indian Chemicals Company
- Business verticals : Fluoropolymers, Fluorospecialities & Chemicals.
- The only PTFE / fluoropolymer manufacturer in India



- Inox Wind Ltd is a fully integrated player in the wind energy market and provides end-to-end turnkey solutions

Inox Wind Energy Ltd.

- Inox Wind Energy Ltd is the holding company of wind business & demerged from GFL Ltd in FY 21



Overview



FLUOROPOLYMERS



SPECIALTY CHEMICALS



BULK CHEMICALS



NEW AGE INDUSTRY

30 years of expertise in Fluorine Chemistry

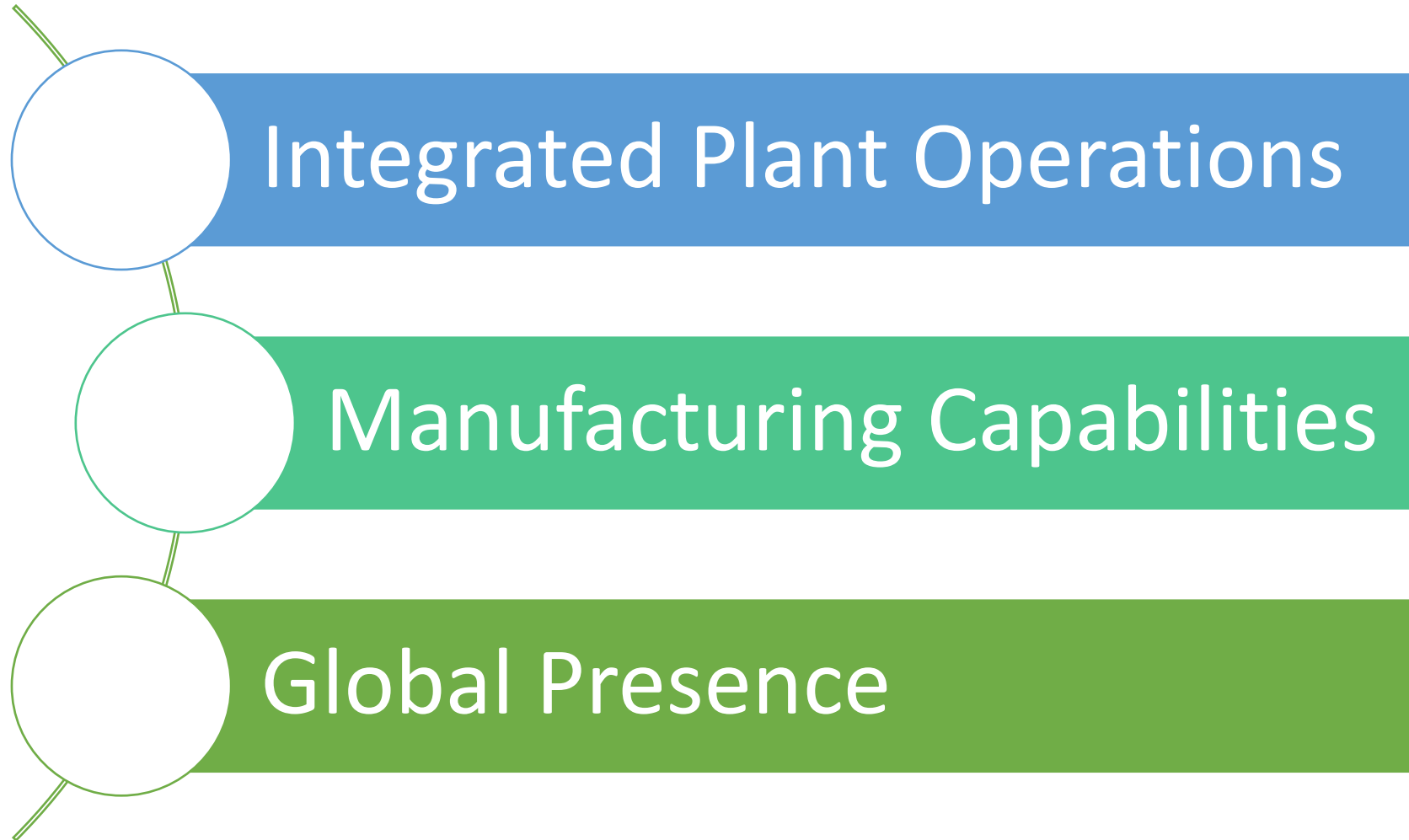
Established player in Fluoropolymers, Specialty Chemicals, Refrigerants & Bulk Chemicals

Three manufacturing facilities in India, Fluorspar mine in Morocco, offices and warehouses in Europe and USA

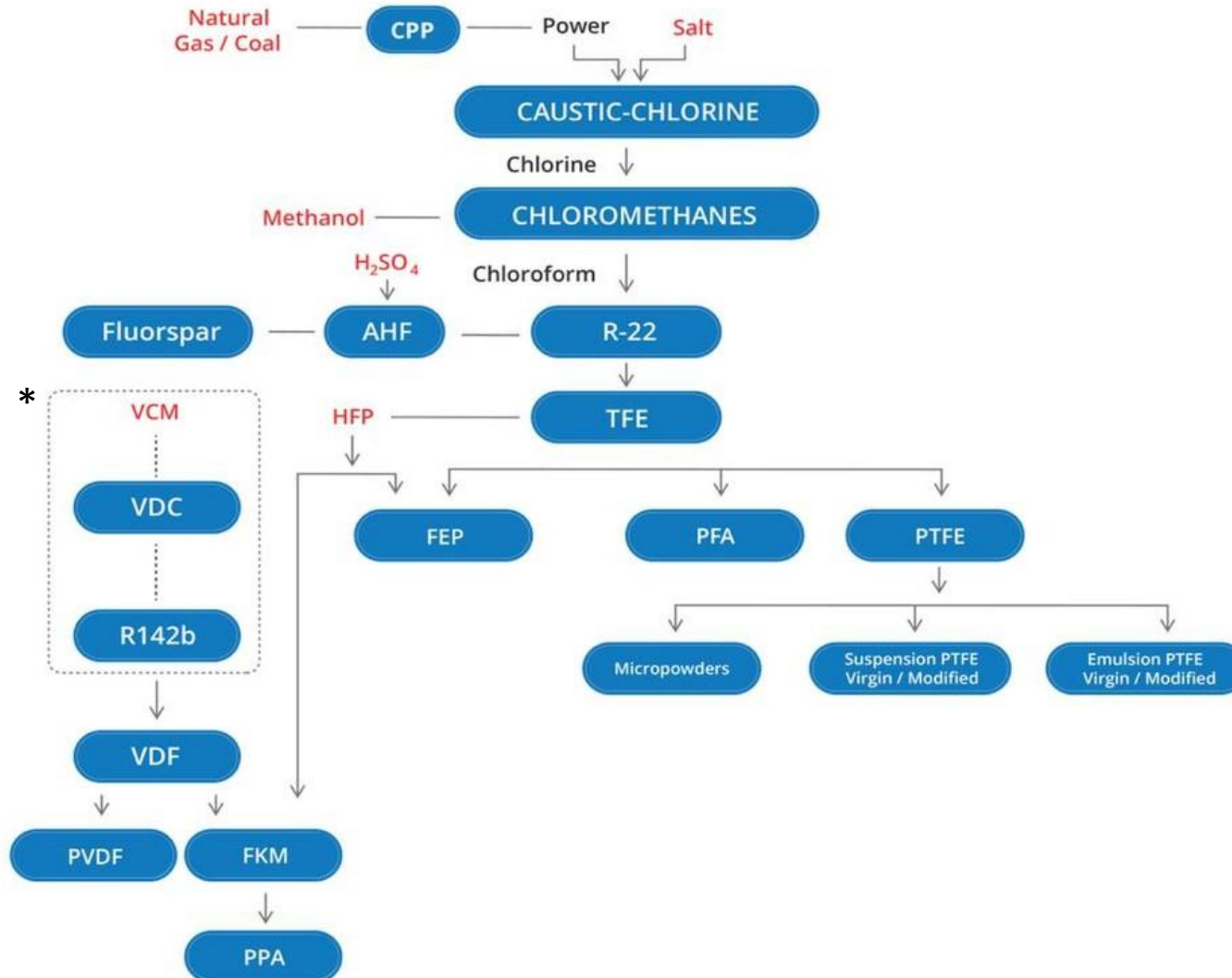
Only Fluoropolymer producer in India and amongst the top few globally. Major supplier of Fluoropolymers to Europe and USA

Foray into New Age Business – Chemicals & Fluoropolymers for EV- Batteries, Solar Panels & Hydrogen Fuel Cells

Core Competencies



Integrated Operations



GFL's vertically integrated facility makes it one of the most reliable producers, of a wide range of Fluoropolymers, globally.

Integration play helps GFL to maximise value addition.



Fluoropolymers Vertical

| PRODUCTS | PTFE | MICRO POWDERS | PFA | PVDF | FEP | FKM | PPA |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| APPLICATIONS | <ul style="list-style-type: none"> • Oil & Gas • Pharma & CPI • Food • Automotive • Aero-space & Defense • Electricals • Electronics & Semi-conductors • Cookware • Construction & Mechanical Parts | <ul style="list-style-type: none"> • Printing Inks • Engineering plastics • Coatings • Industrial Finishes • Paints • Elastomers • Oils & Greases | <ul style="list-style-type: none"> • Semi-conductors • Aero-space • Chemical Processing • Corrosion Resistant Fluid Transfer • Wire & Cables • Telecom | <ul style="list-style-type: none"> • Chemical Processing • Electronics • Architecture • Pharma • EV Batteries • Solar Panels • Water Treatment Membranes • Oil & Gas | <ul style="list-style-type: none"> • Wire & Cable • Defense • Aerospace • Telecom • Chemical Processing | <ul style="list-style-type: none"> • Automotive • Chemicals • Refineries • Semiconductors • Aviation • Food & Pharma | <ul style="list-style-type: none"> • Improve Surface Finish & Gloss for LLDPE • HDPE & PP Films • Partitioning Agent |

- Entry barriers :
 - Technical knowhow, process safety, raw-material availability, capex intensive.
 - Customer validation, approvals and qualifications, a time consuming & painstaking process.
- Huge growth potential :
 - 5G, EV Battery, Solar Panel, Hydrogen Fuel Cells, Semi-conductors, Internet of Things, Clean Environment.
- Fluoropolymers have unique set of properties with no technically viable substitutes which can impart the same set of properties and performance:
 - Fire, Weather, Temperature, Wear & Friction Resistant / Non-Wetting / Non-Stick / Dielectric Strength / Durability & Long life.



Specialty Chemicals Vertical

| PRODUCTS | HF BASED | TFE BASED | KF BASED |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| APPLICATIONS | <ul style="list-style-type: none">• Agrochemical majorly Insecticides, Herbicides & Fungicides• Plant Growth Regulators | <ul style="list-style-type: none">• Pharmaceutical Intermediates,• Agrochemical Pesticide & Intermediates | <ul style="list-style-type: none">• Pharmaceutical Intermediates,• Agrochemical Pesticide & Intermediates |

- GFL has been developing its value added product portfolio based on carbon, fluorine, nitrogen, hydrogen and oxygen. These products contribute significantly in the field of agro-chemicals, pharmaceuticals, EV battery chemicals and several more.
- Entry barriers : Technical knowhow, process safety, raw-material availability and product validation.
- Fluorine molecule are gaining traction over the conventional molecules due to increased biological activity of agrochemicals and pharmaceuticals creating more market demand.
- As a result most of the newly introduced pharma and agro active ingredients are having fluorine molecule attached in their final actives.
- GFL with its integrated value chains starting from basic raw materials offers a host of building blocks for these Specialty Chemicals.



Bulk Chemicals Vertical

| PRODUCTS | CAUSTIC SODA | CHLOROFORM | METHYLENE DI CHLORIDE | REFRIGERANTS | CTC |
|--------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| APPLICATIONS | <ul style="list-style-type: none"> • Textiles • Soaps & Detergents • Alumina | <ul style="list-style-type: none"> • Feedstock for Refrigerant Gas R-22 • Solvent - Pharma | <ul style="list-style-type: none"> • Pharma API • Foam manufacturing • Agri-chem & Pharma Formulation | <ul style="list-style-type: none"> • Air-conditioners | <ul style="list-style-type: none"> • Pesticides • Agricultural Chemicals • Plastics • Resins |

- Largest R -22 producer and exporter from India.
- Major producer of Chloroform and MDC.



New Age Industry Vertical

| APPLICATIONS | ELECTRIC VEHICLES | SOLAR PANELS | HYDROGEN FUEL CELLS / ELECTROLYZERS |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| PRODUCTS | <ul style="list-style-type: none"> • PVDF Electrode Binders • Battery Chemicals • LiPF6 • Additives • Electrolyte Formulations • Battery casing | <ul style="list-style-type: none"> • PVDF Films • Back-sheet | <ul style="list-style-type: none"> • Fluoropolymers(FKM, PTFE, FEP) • Membranes • Charging Accessories |

- GFL has developed technology and products to participate in each of these industries having huge potential and offering higher margins.
- Entry barriers : Technology, product development, stringent quality standards, buyer qualification, gestation period and a capex intensive integrated value chain.



New Age Vertical-Electric Vehicle Batteries



| APPLICATIONS | ELECTRIC VEHICLES BATTERIES |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PRODUCTS | <ul style="list-style-type: none">• PVDF Electrode Binders• Battery Chemicals• LiPF6• Additives• Electrolyte Formulations• Battery casings |

- Battery demand for EVs by 2030 for electric mobility, energy storage and consumer electronics is estimated at 2633 GWH with EV battery chain providing revenue opportunities of 300 Billion US\$ by 2030. (Source: World Economic Forum, Mckinsey Analysis dated October 2019).
- World leaders Tesla, Toyota, GM, Ford, Volkswagen, Audi, BMW and others planning to move to EVs. Large number of battery plants are being planned worldwide to meet the growing requirements.
- Almost a dozen companies are planning to set up EV Battery manufacturing plants in India over the next few years, in line with the Government push to make India a significant global manufacturer of EV vehicles.
- GFL is in the process of setting up an integrated battery chemicals complex. In addition, GFL has developed suitable PVDF grades for cathode binder application.
- This initiative will require significant capex in the next few years and will ensure a robust growth in revenues and profits.



New Age Vertical-Solar Panels



| APPLICATIONS | SOLAR PANELS |
|--------------|-----------------------------------------------------------------------------------|
| PRODUCTS | <ul style="list-style-type: none">• PVDF Films• Back-sheet |

- Under the Solar Mission, to reduce both the carbon emissions and the dependence on imports of oil, the Indian Government has announced a very ambitious target of achieving 450 GW of renewable energy by 2030.
- Solar panels are the heart of solar power plants and these contain back-sheet based on PVDF film.
- GFL is setting up India's first PVDF solar film project which will be commissioned in the next financial year. With our own integrated PVDF manufacturing facilities, this plant will be ideally suited to cater to both the domestic and international markets.



New Age Vertical-Hydrogen Fuel Cells / Electrolyzers



| APPLICATIONS | HYDROGEN FUEL CELLS/Electrolyzers |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------|
| PRODUCTS | <ul style="list-style-type: none">• Fluoropolymers(FKM, PTFE, FEP)• Membranes• Charging Accessories |

- Green hydrogen has the potential to decarbonise industry, transport, energy and heating leading to significant emission reductions. There are around 200 hydrogen fuel cell projects currently announced in Europe alone, with investments focussed across multiple industries, from transport to heavy industry. (Source: Hydrogen Council, Europe). In India, major business houses have already announced huge capital outlay in the hydrogen sector.
- Electrolysers enable the transformation of renewable energy such as wind and solar power into green hydrogen. Fluoropolymers are integral to the functioning of Electrolysers. In addition, fluoropolymer based proton exchange membranes (PEM) form the heart of fuel cells and electrolysers.
- GFL with its rich experience and a portfolio of major Fluoropolymers is well equipped to cater to the Fluoropolymers required for the hydrogen electrolysers, fuel cells and charging stations. GFL has also taken up the project to indigenously develop and produce the PEM membranes.
- GFL expects this initiative to offer a sustained business growth over the foreseeable future.



Manufacturing Facilities

RANJIT NAGAR, GUJARAT, INDIA



Specialty Chemicals & Refrigerants

Commissioned in 1989

Largest Refrigerant Capacity in India

ISO 9001:2015, ISO 14001:2015 and
ISO 45001:2018 certified

DAHEJ, GUJARAT, INDIA



Fluoropolymers, Specialty & Bulk
Chemicals

Commissioned in 2007

Largest Fluoropolymer Plant in India

Vertically Integrated Plant

ISO 9001:2015, ISO 14001:2015 and
ISO 45001:2018 certified

JOLVA, GUJARAT, INDIA

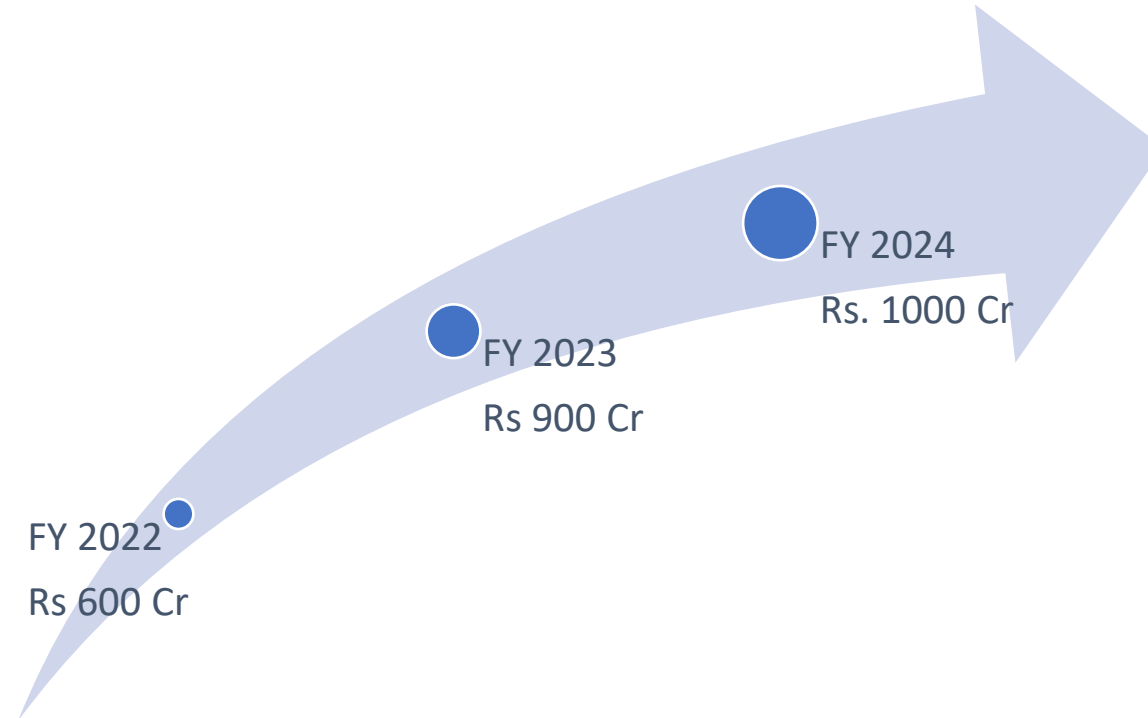


Fluoropolymers, Specialty & New
Age Chemicals

Under Phased Commissioning



Capex Plan



GFL is currently investing / has planned capex towards expanding its capacities for Bulk & Specialty Chemicals, Fluoropolymers and New Age Products.



Research & Development

Enables customised solutions and develop sustainable technology

Collaborates with renowned educational and research institutes

Equipped with team of highly efficient researchers, scientists and product specialists, with state of the art equipment including application development laboratories

DST approved Fluoropolymers Research and Application development centre



Regulatory Compliance



ROHS - Restriction of Hazardous Substances



USP Class VI - United States Pharmacopeia



REACH - Registration, Evaluation, Authorization and Restriction of Chemicals



SVHC - Substances of Very High Concern



3A - Sanitary standards for design and fabrication of equipment



EC 10/2011 - European Commission



FDA - Food and Drug Administration



EC 1935/2004 - European Commission



WRAS - Water Regulation Advisory Scheme



Sustainability Awards & Certification



OVERALL SCORE(2021)

Gujarat Fluorochemicals Ltd (Group) is in the top 7% of companies rated by EcoVadis in the Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in primary forms industry.

Publication date: 30 Mar 2021
Valid until:30 Mar 2022

CERTIFICATIONS

Health – Safety - Environment

ISO 14001 : 2015
ISO 9001 : 2015
ISO 4501 : 2018

Ethics

ISO 37001 : 2016
ISO / IEC 27001 : 2013

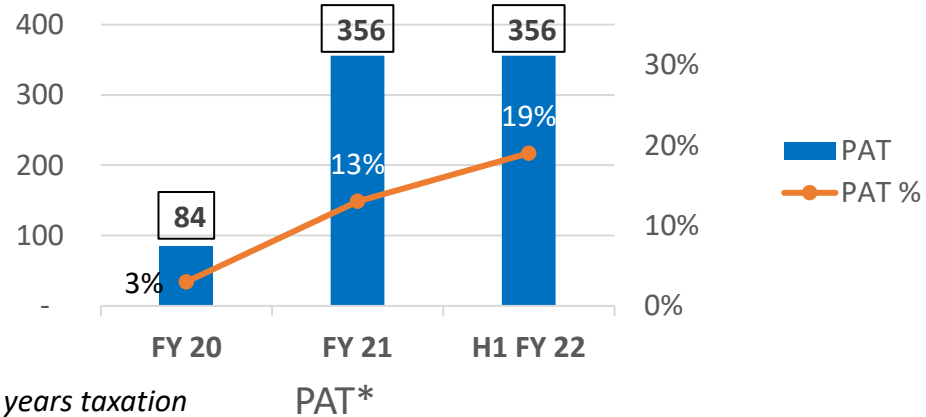
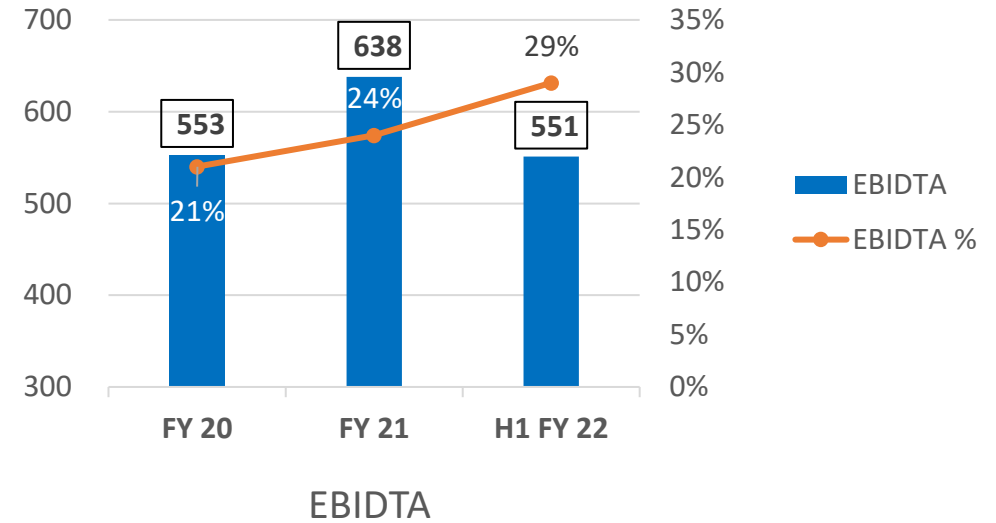
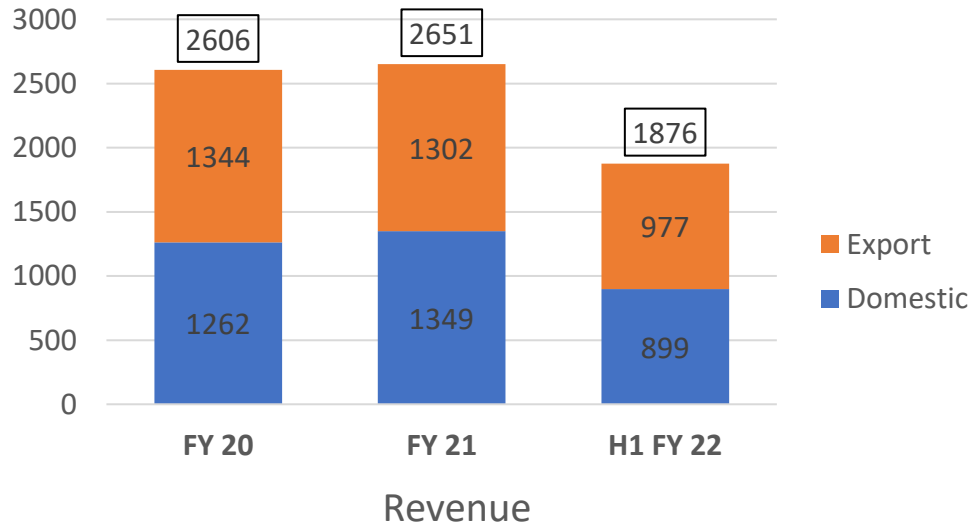
Social Responsibility

We have aligned all our Internal & Supply chain processes as per the following standards
ISO 26000 : 2010
ISO 20400 : 2017

Financial Performance



Financials Trend

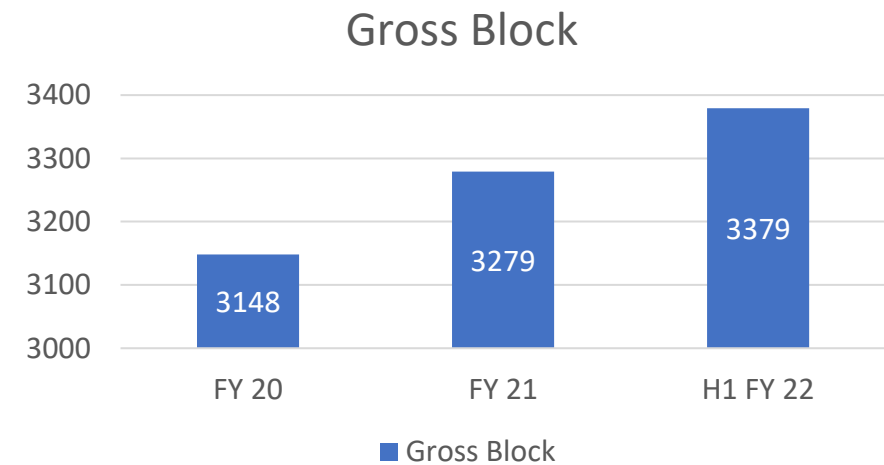
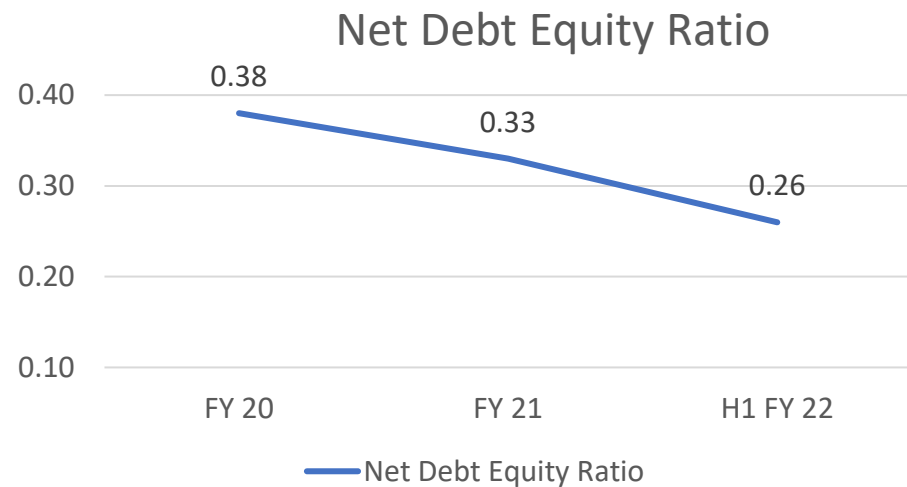
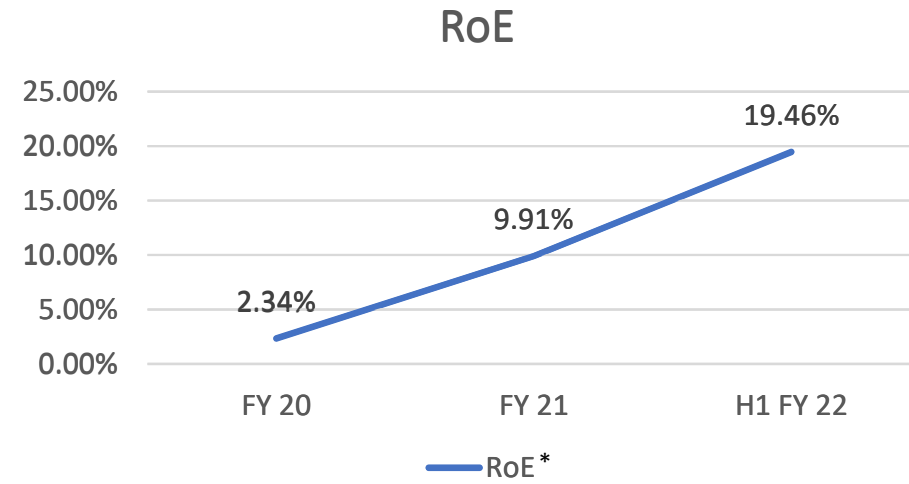
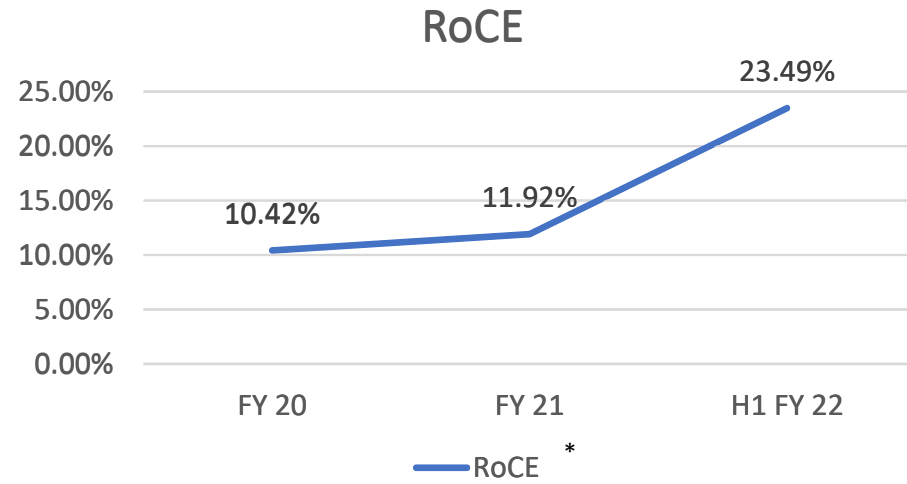


Figures in Rs. Cr

* PAT excluding exceptional items & earlier years taxation



Financials



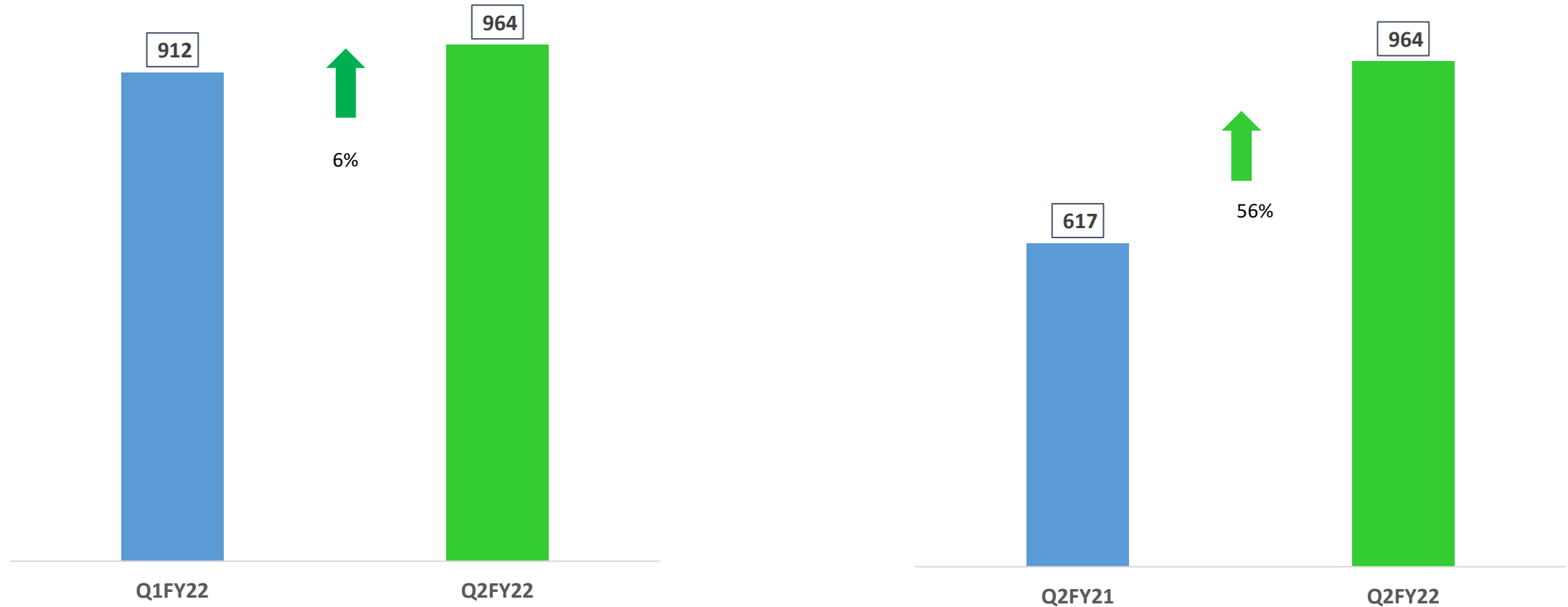
* Annualised & Excluding one offs and extraordinary income / loss

Figures in Rs. Cr

Q2 FY 2022 – Earnings Update

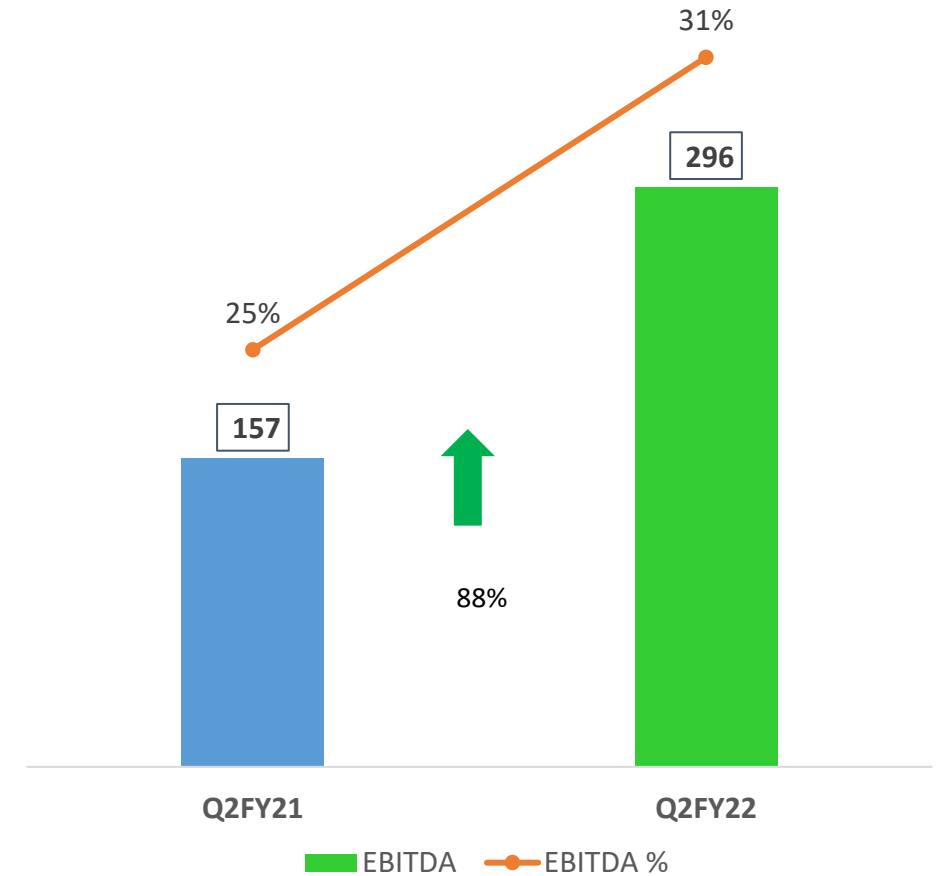
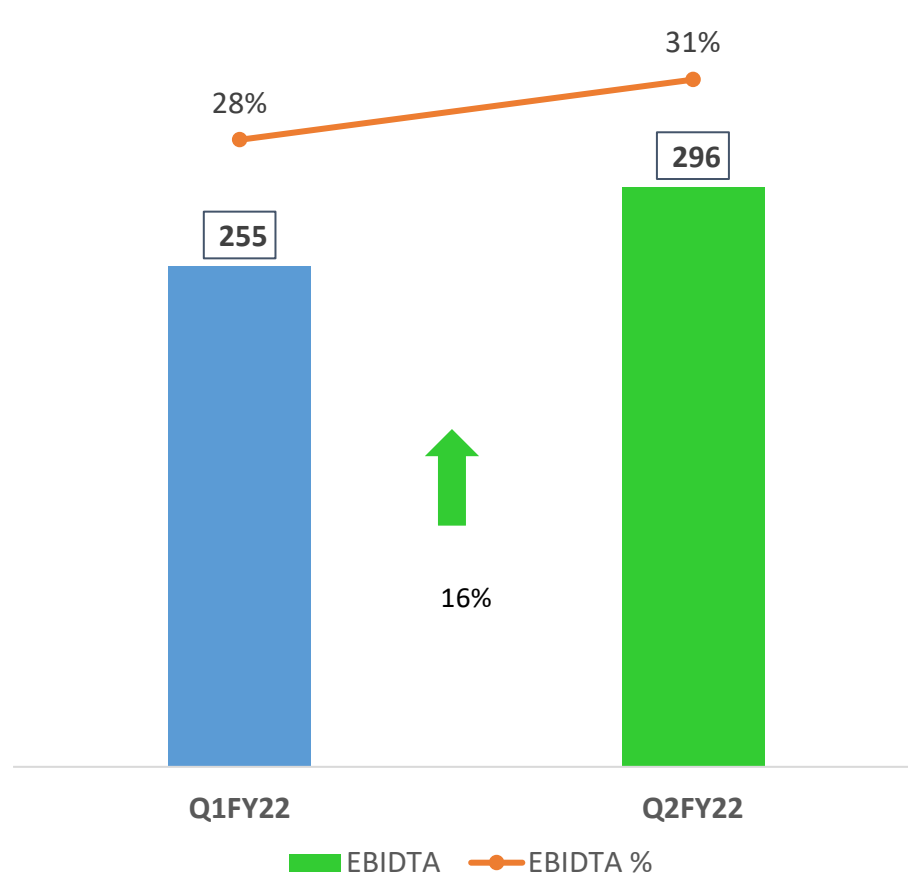


Consolidated Revenue



Figures in Rs. Cr

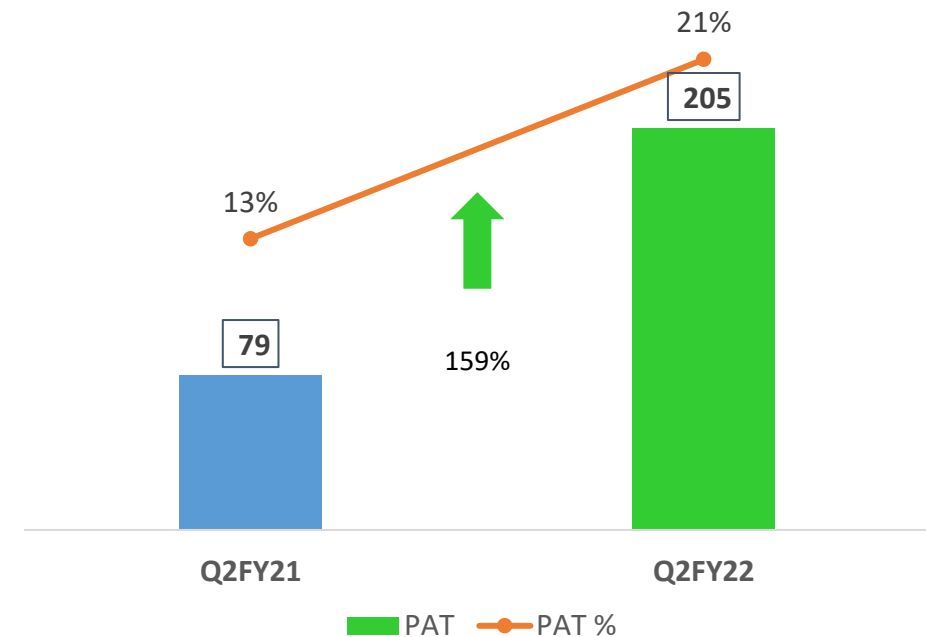
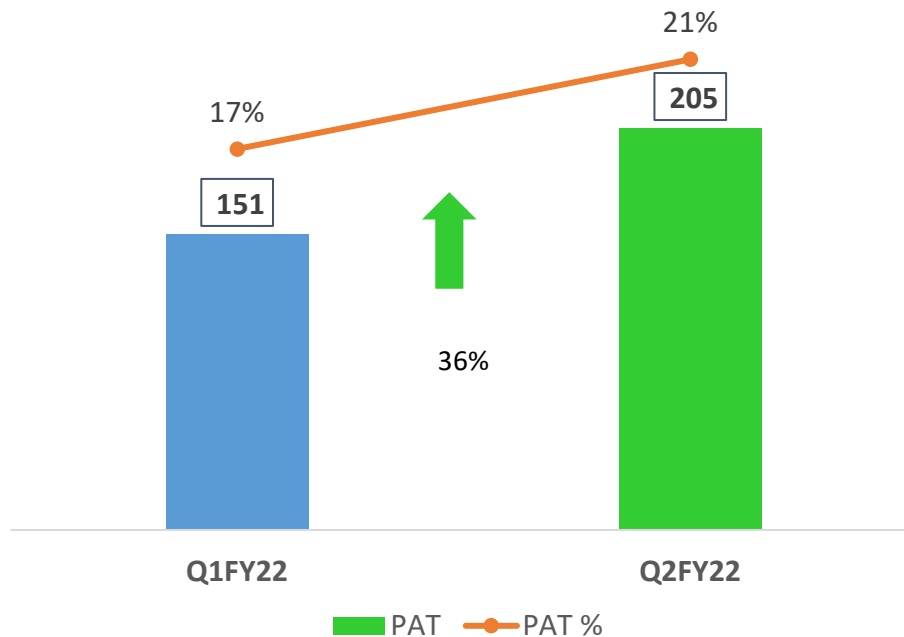
Consolidated EBITDA & EBIDTA Margin



Figures in Rs. Cr



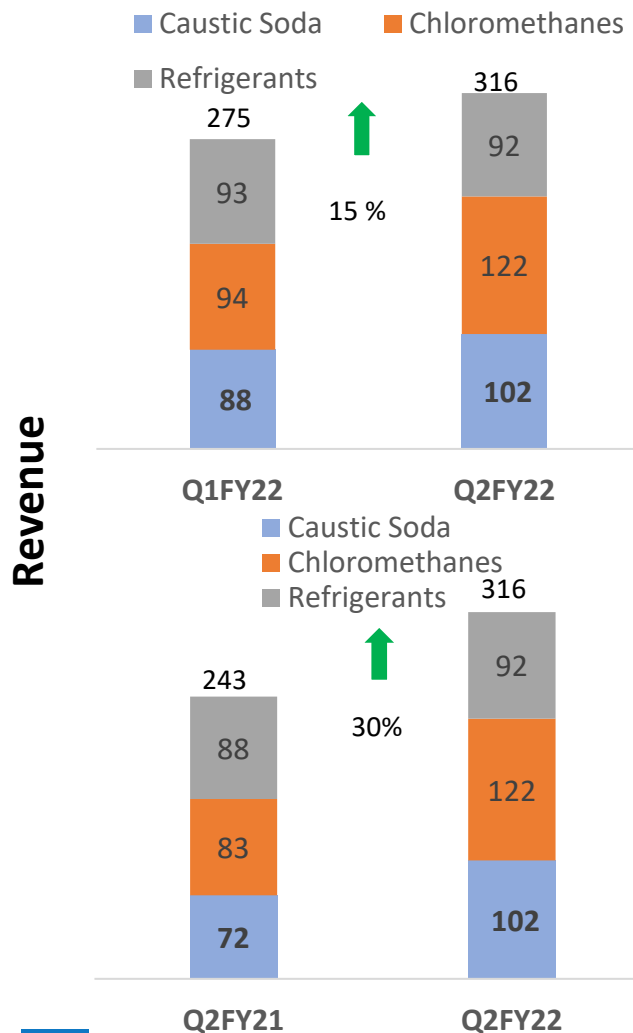
Consolidated PAT & PAT Margin



Figures in Rs. Cr



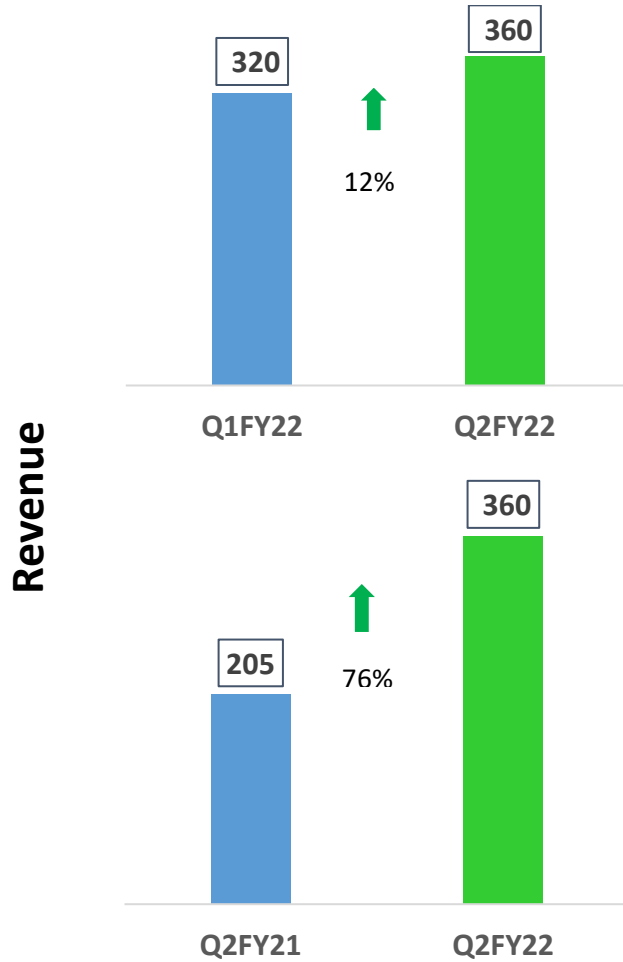
Business Vertical – Bulk Chemicals



Figures in Rs. Cr

| Caustic Soda | Chloromethanes | Refrigerants |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Plants are currently running at full capacity. | Plants are running at full capacity. | Volumes and Prices have remained stable in Q2FY22. |
| Caustic soda prices started strengthening during the quarter and are expected to increase further during H2FY22. | Demand and Prices for MDC, used mainly in the pharma sector, continues to remain strong. | Demand is expected to remain suppressed in Q3FY22, due to seasonality and expect to normalize by Q4FY22. |
| Demand-Supply situation expected to remain favorable for the next several quarters. | Prices are likely to be impacted from the Q1FY23 as additional capacities are commissioned domestically. | Production will continue to increase due to the rising feedstock requirements. |
| There has been an increase in costs because of rising energy prices. However, these costs will be more than offset due to higher realizations. | Methanol prices have increased but have been offset by higher product prices. | Prices of refrigerants expected to be increased due to input cost push on Raw Materials, Energy & Logistics. |

Business Vertical – Fluoropolymer(PTFE)



Fluoropolymer(PTFE)

Plants are running at full capacity.

Demand is robust across all geographies.

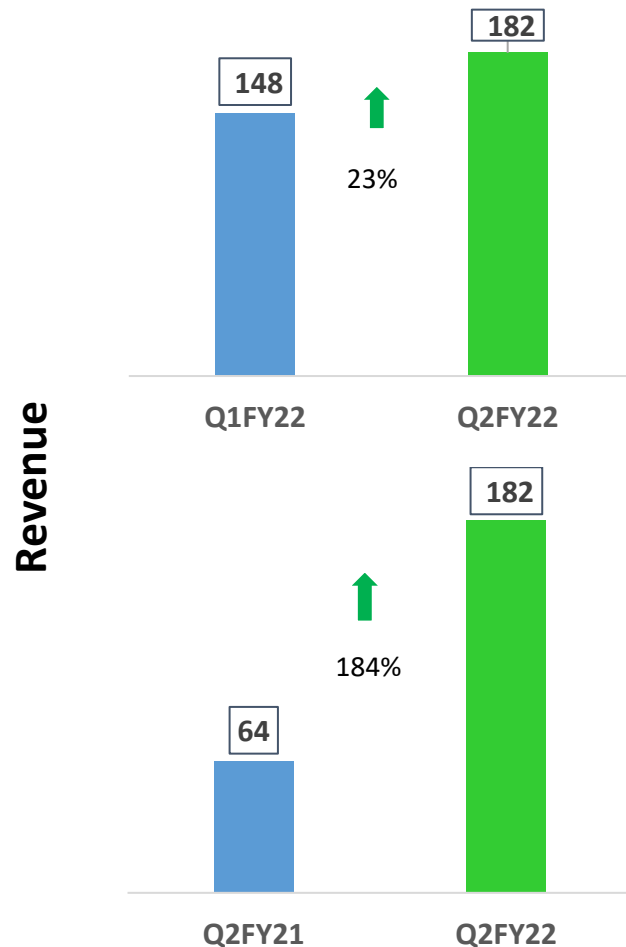
Prices have moved up due to rising demand and cost push.

Demand expected to remain robust for the next few quarters.

Capacity augmentation being planned in line with demand growth.

Figures in Rs. Cr

...New Fluoropolymers



Figures in Rs. Cr

New Fluoropolymer

Capacities are in place for all 6 new fluoropolymers (FKM, PFA, FEP, PVDF, PPA, and Micro Powders).

Capacity utilization in Q2FY22 is around 65%.

Various grades under each polymer already been established and few new PVDF grades (mainly for EV batteries) developed are in the process of customer qualifications.

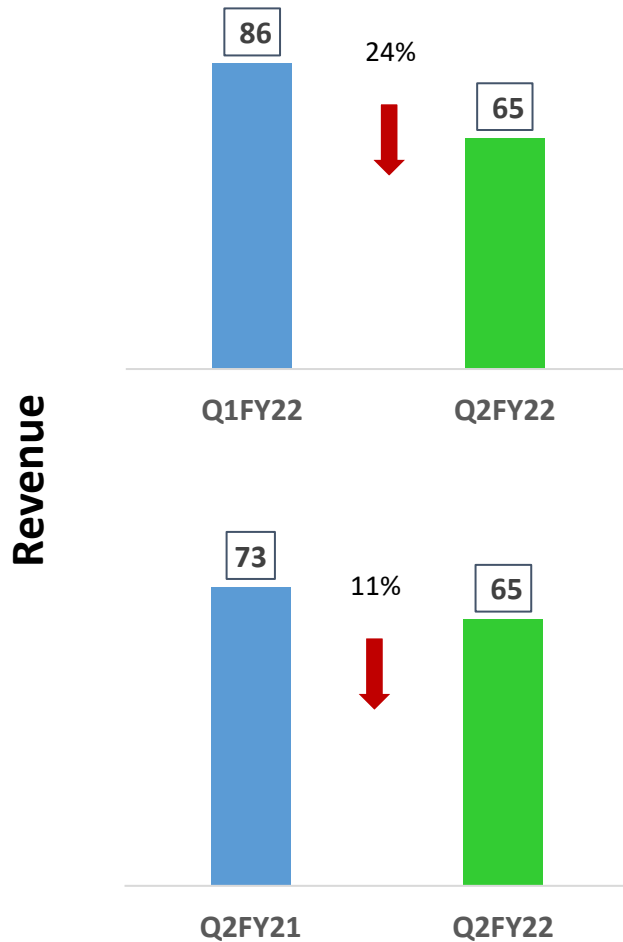
Expect to reach 100% utilization of existing capacity by Q4FY22.

There is substantial increase in demand for FKM, PVDF and Micro Powders. Additional capacities for these products are under installation and commissioning.

Prices for FKM and PVDF have moved up due to rising demand and cost push of key raw material R-142B.

GFL is backward integrating to produce R-142B for captive feedstock requirements for FKM and PVDF as well as for exports.

Business Vertical – Specialty Chemical



Specialty Chemical

11 products have been fully commercialized.

Capacity utilization has been low for pharma related intermediates due to demand displacement in favor of Covid-19 related drugs. This is expected to start normalizing from Q4FY22.

2 products had to be discontinued due to cost increases which eroded margins.

3 new plants for manufacturing of 8 additional products are expected to be commissioned by Q4FY22.

Substantial increase in revenues will commence from Q1FY23, with the new plants fully operational.

Figures in Rs. Cr

GFL – Way Forward



- We believe that our RoCE should see a significant improvement owing to the following
 - Expansions : we have / are in the process of augmenting existing as well as adding new capacities in new Fluoropolymers and Specialty Chemicals which are yet to be fully commissioned. The same are expected to reach full utilization in the next 2-3 quarters leading to higher revenues and profits. RoCE is expected to further improve given the higher margins from these incremental sales.
 - New Age Products : We believe our New Age products will see substantial growth in next few years and with higher margins will lead to further improvement in our financial return ratios.
 - Debt Reduction : while our current net debt equity ratio is very low, we intend to reduce it further so as to be a zero debt company in the near future.
 - Reduction in Working Capital Cycle : We are continuously focusing on reducing inventories and receivables as well as more efficient procurement to reduce overall working capital. Our efforts have resulted into reduction of working capital cycle from 168 days as on 31st March 2021, to 130 days as on Sep 30th, 2021.



For further queries:

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*Thank
you*



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

Such statements are not, and should not be construed, as a representation as to future performance or achievements of GFCL. In particular, such statements should not be regarded as a projection of future performance of GFCL. It should be noted that the actual performance or achievements of GFCL may vary significantly from such statements.

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