

“Gujarat Fluorochemicals Limited Q4 FY-17 Results
Conference Call”

May 29, 2017

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MODERATOR: **MR. PRASHANT TARWADI – AXIS CAPITAL**

Moderator: Ladies and gentlemen good day and welcome to the Gujarat Fluorochemicals Limited Q4 FY17 Results Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and 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 '*' and then '0' on your touchtone phone. I now hand the conference over to Mr. Prashant Tarwadi of Axis Capital Limited. Thank you and over to you sir.

Prashant Tarwadi: Thank you Vikram. Welcome on behalf of Axis Capital, I welcome all the participants on the con-call of Gujarat Fluorochemicals Limited. Today, the management is represented by Mr. Vivek Jain – Managing Director and Deepak Asher – Director & Group Head (Corporate Finance) and Mr. VK Soni – Head (Projects & New Initiatives). They will, start with the overview of the quarter ended Q4 FY17 and then later we can switch to question and answer session, thank you and over to you gentleman.

Deepak Asher: Thank you very much Prashant, on behalf of the Board and the Management of Gujarat Fluorochemicals Limited, I would like to extend a very warm welcome to all investors, Analysts and other participants on this call. The Board Meeting has just concluded about 15 minutes ago. The results of the Company for the quarter ended March 2017 as well as for the full Financial Year ended March 2017, have been uploaded in the websites of the Company as well as the Stock Exchanges. We have also uploaded the earnings update presentation and intend over the next few minutes to take you through the highlights of the presentation and then as Prashant mentioned we will open the floor for questions and answers.

So before we get into the numbers, I think some of the key highlights for each of the four businesses that were hosted within GFL either directly or through the subsidiaries are as follows:

In the chemicals business, we have begun seeing an upturn essentially led by improved sales in the PTFE segment. PTFE volumes for the year were up 27% compared to what they were last year. Chemical business revenues have gone up 7%, EBITDA up 7% and PAT up 53%. In the wind turbine manufacturing business, this was adversely impacted as you know since you followed I assumed that the Inox Wind Limited earnings call separately was impacted due to the slowdown in signing of PPAs, due to the shift from the FIT market to an auctioning market. Revenues in that business were down 23%, EBITDA was down by 21% and PAT was down by 34%. In the wind farming business, the revenues were up this year 33% FY17 as compared to FY16. The EBITDA was up by 52% and as we have announced separately we have substantially exited from the wind farming business by selling of around 246 megawatts out of the 269 megawatts of operational capacity.

In the film exhibition business, we are now present in 58 cities with 119 properties, 472 screens and about 1,18,947 seats, in that business on financial parameters, our revenues were up 5%, EBITDA was down 23% and PAT was down around 62% essentially due to fairly indifferent content. I now like to take you through the financial numbers for firstly the consolidated results, so this as you might be aware reflects the results of the chemical business which is housed in

GFL directly and it also reflects the consolidation of the three major subsidiaries that Gujarat Fluorochemicals Limited has, Inox Wind Limited which is into the wind turbine manufacturing business and Inox Renewables Limited which was the wind farming business and Inox Leisure Limited which is in the cinema exhibition business and we are going to present sequentially the comparison of numbers for the quarter March 2017 as compared to quarter March 2016 and then for the full year FY2017 as compared to the full year FY2016.

So on the quarterly numbers first, Revenues from operations went down by 20% from Rs 2369 crores to Rs 1890 crores. EBITDA improved marginally from Rs 396 crores to Rs 400 crores, That is by about 1% which means EBITDA margin improved from 16.7% to 21.2%. PAT fell from Rs 221 crores to Rs -75 crores but that is essentially because of one of item, when we sold the wind farming business, a book loss of roughly about Rs 200 crores and if you adjust the PAT for this exceptional item, PAT fell from Rs 221 crores to Rs 177 crores, that is a fall by about 20%. PAT margin remains at about 9.4%, this as I mentioned were numbers for the quarter.

For the full year Revenues fell by 10%, Rs 7110 crores went down to Rs 6393 crores, EBITDA fell by about 7% from Rs 1301 crores to Rs 1205 crores. EBITDA margin improved marginally from 18.3% to 18.8% and PAT after the adjustments for the exceptional item fell from Rs 609 crores to Rs 459 crores which is a fall of about 25%. PAT margin fell marginally from 8.6% to 7.2%. Now, if one were to look at the revenue breakup across the different businesses, in the chemical business, Revenues went up by 13% for the quarter, Rs 372 crores up to Rs 421 crores. In the wind turbine manufacturing business, Revenues fell for the quarter from Rs 1840 crores to Rs 1019 crores that is a fall of 45%.

In the wind farming business, Revenues went up by 99% almost double from Rs 27.7 crores to Rs 55.3 crores and in the cinema exhibition business, Revenues went up for the quarter from Rs 252 crores up to Rs 288 crores that is an increase of 14%. As a result of which total quarterly Revenues fell by 20% from Rs 2369 crores to Rs 1890 crores. Figures for the full year; chemical business Revenues went up by 7% from Rs 1435 crores to Rs 1532 crores and the wind turbine manufacturing business, Revenues went down from Rs 4450 crores to Rs 3415 crores that is a fall of 23%. In the wind farming business, Revenues increased from Rs 167 crores to Rs 223 crores that is an increase of 33% and in the cinema exhibition business, Revenues increased by 5% from Rs 1160 crores to Rs 1220 crores and that means at the consolidated level, Revenues fell from Rs 7110 crores to Rs 6393 crores, that is a fall of about 10%. So if you look at the breakup of EBITDA, firstly for the quarter. The EBITDA from the chemical business increased by 12% from Rs 70 crores to Rs 78.6 crores. From the wind turbine manufacturing business, fell by 26% from Rs 309 crores to Rs 229 crores and the wind farming business increased by 283% from Rs 15.1 crores to Rs 57.8 crores and the cinema exhibition business went up by 72% from Rs 14.6 crores to Rs 25.1 crores, as a result of which an overall EBITDA increase of about 1% from Rs 396 crores to Rs 400 crores. Those were figures for the quarter for the full year, EBITDA on the chemical business increased by 7% from Rs 280 to Rs 300 crores. From the wind turbine manufacturing business, from Rs 710 crores fell to Rs 560 crores that is a fall of 21%. In the wind farming business, an increase of 52% from Rs 132 crores to Rs 201 crores and the cinema exhibition business for the full year EBITDA fell from Rs 189 crores to Rs 146 crores, that is a

fall of 23% as a result of which aggregate consolidated EBITDA fell by 7% from Rs 1301 crores to Rs 1205 crores. Those were the EBITDA numbers. If you look at the PAT numbers and this PAT numbers that I am sharing with you are those after the adjustment for the one-off event that is for the exceptional item has been adjusted in this numbers. The PAT in the chemical business increased by 98% from Rs 26.4 crores to Rs 52.4 crores, the wind turbine manufacturing business, PAT fell by 37% from Rs 201 crores to Rs 127 crores. In the wind farming business, PAT increased from Rs -10.5 crores to Rs 6.1 crores and in the cinema exhibition business, the PAT which was Rs 17.5 crores in Q4 FY16 was about Rs 0.3 crores in Q4 FY17. As a result, which aggregate PAT fell from Rs 221.9 crores to Rs 177.3 crores that is a fall of 20%. For the full year, PAT in the chemical business increased by 53% from Rs 95.4 crores to Rs 146.3 crores. In the wind turbine manufacturing business, PAT fell from Rs 461 crores to Rs 303 crores, that is a fall of 34% and the wind farming business, PAT improved from Rs -16.7 crores to Rs 2.1 crores and in the cinema exhibition business, PAT fell from Rs 81 crores to Rs 30.6 crores, that is a fall of about 62%. So those are the consolidated numbers.

I will take a bit deeper into the business for the chemical business based on the standalone results. For the quarter Revenues increased by 13% from Rs 372 crores to Rs 421 crores, EBITDA increased by 12% from Rs 70 crores to Rs 78.6 crores, EBITDA margins remained at about 18.7% as compared to 18.8% last quarter. PAT increased from Rs 26.4 crores to Rs 52.4 crores which is an increase of 98%, PAT margins improved from 7.1% to 12.4%. For the full year, revenues increased from Rs 1435 crores to Rs 1532 crores that is an increase of 7%. EBITDA increased from Rs 280.5 crores to Rs 300 crores, that is an increase of 7%, EBITDA margin slightly improved from 19.5% to 19.6% and PAT increased from Rs 95.4 crores to Rs 146.3 crores that is an increase of 53%. PAT margin improved from 6.6% to 9.5%. In the chemical business as you know we have essentially four product lines – Caustic Soda, Chloromethanes, Refrigerants and PTFE, so if I were to share with you the numbers for each of the four different product lines, caustic soda sales fell marginally by 1% for the quarter, Rs 104.4 crores to Rs 103.7 crores, Chloromethanes sale fell by 6% Rs 66.1 crores to Rs 62.1 crores, Refrigerant sales increased by 18% from Rs 62.5 crores to Rs 73.7 crores. PTFE sales increased by 27% from Rs 120.6 crores to Rs 153.2 crores and other products increased by about 52% that is Rs 18.9 crores to Rs 28.7 crores. These were the quarterly numbers, the full year numbers, caustic soda sales increased by 13% from Rs 339 crores to Rs 384 crores, Chloromethane sales fell by 5% from Rs 277 crores to Rs 262 crores, Refrigerant sales fell by 12% from Rs 271 crores to Rs 239 crores, PTFE sales increased by 21% from Rs 437 crores to Rs 527 crores and other products increased by 7% from Rs 109 crores to Rs 117 crores as a result of which overall Revenues in the chemical segment increased by 7% from Rs 1435.2 crores to Rs 1532.1 crores. So those were the key numbers on the chemical business.

On the wind turbine manufacturing business, I will just share with you the annual numbers because I am sure if you were interested you would have followed the Earnings Call for this because it's a separate listed company, Revenues fell by 23% from Rs 4450 crores to Rs 3415 crores, EBITDA fell by 21% from Rs 711 crores to Rs 560 crores and PAT fell by 34% from Rs 461 crores to Rs 303 crores.

On the wind farming business, the Revenues increased by 33% from Rs 167 crores to Rs 223 crores, EBITDA increased by 52% from Rs 132 crores to Rs 201 crores and PAT after the adjustment of the onetime event increased from Rs -16.7 crores to Rs 2.1 crores.

On the cinema exhibition business, Revenues increased from Rs 1160.6 crores to Rs 1220.7 crores that is an increase of 5%. EBITDA fell from Rs 189.1 crores to Rs 146.1 crores that is a fall of 23% and PAT fell from Rs 81 crores to Rs 30.6 crores that is a fall of 62%. On the Balance Sheet side at a consolidated level of noncurrent assets are at about Rs 4578 crores and current assets are at about Rs 4328 crores. Total debt gross level is about Rs 3308 crores but net of cash and cash equivalence at a consolidated level remains at about Rs 2133 crores and with equity of about Rs 5599 crores at a consolidated level, our net debt to equity remains at about 0.4 at a consolidated level and around 0.1 at a standalone chemical business level.

In terms of shareholding data based on the share price at Rs. 691 which was 2 days ago on Friday closing, market cap remains at about Rs 7591 crores, 52-week high low is Rs 451 to Rs816, major intuitional investors as of March 2017 include Reliance Capital at 1.8%, UTI Mutual Fund at 1.19%, AADI Financial Investors at 1.14%, Fidelity Investment at 1.13%, Reliance Nippon Life at 1.06%, Birla SunLife at 0.59%.

The shareholding breakup as of March 2017, Promoters and Promoter Group are at about 68.33%, domestic institutional investors are at about 3.64%. Foreign Institutional Investors at about 3.78% and public and others are at about 24.25%.

Ladies and gentlemen, that was a snapshot of the operating and financial performance of the Company at a Standalone as well as a Consolidated level. I would now like to open the floor for any questions that you might have.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We have our first question from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead.

Dheeresh Pathak: Sir, the chemical business the EBIT growth is much more than the EBITDA growth, so can you just explain that and PAT growth is also much more. So, can you just explain those trends and within the chemical business there is a other segment, sir could you explain what is there in the other.

Deepak Asher: Sir, there are two questions there, one is you are saying that the increase in EBIT and PAT is larger than the increase in EBITDA thus largely because you know we have had other income of about but the increase in other income is if you look at the year-on-year number is about Rs 20 crores and the reduction in interest cost is about Rs 10 crores, so there is a Rs 30 crores improvement in the EBITDA numbers. The EBITDA was Rs 280 crores versus Rs 300 crores in FY17, so the EBITDA improved by Rs 20 crores but in addition because of the improvement in other income by Rs 20 crores and interest of Rs 10 crores the PAT differential is about Rs 50 crores.

- Dheeresh Pathak:** Sir, the segmental EBIT which is given for the various segments that includes other income is it.
- Deepak Asher:** The PAT would include other income. I am comparing the EBITDA with the PAT.
- Dheeresh Pathak:** Okay, no I am just saying that in your presentation you have the EBITDA but in your published result you have a segment wise segment result also which was Rs 160 crores versus Rs 130 crores for the full year so that does it include other income.
- Deepak Asher:** That will not include other income, I don't have access to the breakup of that number so I will probably need to get back to you with the explanation on that.
- Dheeresh Pathak:** And the second question is that the other product which is Rs 117 crores for the full year, can you put more insight on to what that is.
- Deepak Asher:** Okay, for example broad breakup, AHCL is about Rs 25 crores, there is Rs410 which is about Rs 13 crores, hydrogen is about Rs 27 crores and CACL2, calcium chloride which is about Rs 14 crores, there is sodium hyper which is about Rs 12 crores, so in the multiple products, there is PTFE waste and fines of about Rs 4 crores.
- Dheeresh Pathak:** Okay, there is supposed to be some CRAMS business that you are undertaking for some pilot projects you are trying to do, so how much is that and how is that scaling on.
- Vivek Jain:** There wasn't any CRAMS business, this is more fluorospeciality intermediate business of pharma and agri sector that is going to start kicking in from the second quarter of this Financial Year. The investments are being put in, so we see Revenues coming from that by the end of the second quarter this Financial Year.
- Dheeresh Pathak:** How much capital has been deployed in that intermediate business of agri and pharma.
- Vivek Jain:** So on a consolidated level, we will end up investing about Rs 125 to Rs 150 crores.
- Dheeresh Pathak:** How much have been put in by the end of FY17.
- Vivek Jain:** See it is in the process, the plants are getting implemented, so I would say that by September end, we would have these plants commissioned.
- Dheeresh Pathak:** Okay and last question Sir, on Refrigerants R22 what has been the price and volume mix in the revenue. Sir Refrigerant is down 12% for the year, how much of that is volume and price mix.
- Deepak Asher:** Well I think the volume is down by around 2% and the price is down by about 10% that is for the full year.
- Moderator:** Thank you sir. We have next question from the line of Viral Shah from Enam Holdings. Please go ahead.

- Viral Shah:** Sir few questions from my side, first is the could you share the PTFE tonnage data for both the speciality as well as the regular grade for the quarter?
- Deepak Asher:** For Q4 FY17, regular grade was about 1761 tons, speciality was about 1213 tons and total of 2974 tons.
- Viral Shah:** Okay perfect and how would the prices have been for both of these.
- Vivek Jain:** Well the prices have improved. They started improving from around March this year and we have seen a bump up in prices and so we will see some impact of that coming in this coming quarter.
- Viral Shah:** So could you share what will be the quantum of price increases that you would have taken since March?
- Vivek Jain:** Well it is different for different grades, so I think in the base grades there would be increase of about roughly 40%.
- Viral Shah:** Okay and for the speciality grades would be sir?
- Vivek Jain:** Well the prices were higher there in any case, so the improvement has been about 10% to 15%.
- Viral Shah:** Sir my second question is if you could share how is the traction in fluoropolymers and speciality chemicals coming along?
- Vivek Jain:** We are doing very good business. Most of the products which we intent to introduce into the market the special plant machinery has already been implemented, Product development is over, Trials are going on with customers. In the next 12 to 15 months, we will see most of the additional capacities of fluoropolymers which we have set up will run at full capacity.
- Viral Shah:** Okay, in the next 12 to 15 months you said.
- Vivek Jain:** Yes.
- Viral Shah:** In PTFE when do we expect to reach 100% capacity utilization?
- Deepak Asher:** Well in this current quarter, we are almost there, we have almost reached there.
- Viral Shah:** You mean the ongoing quarter Q1 FY18. Okay, sir one more question on my side this standalone income seems to be on the higher side at Rs 30 crores, could you just share what is the nature of that increase?
- Deepak Asher:** Well you know we had some treasury investments to start with, I think sometime in October-November, we shifted some of the treasury investment from low-yielding instruments to equity

funds, so we have kind of spread this across 8 to 10 different equity funds which led to that other income increase.

Viral Shah: Okay, perfect, and just one last question, what will be the standalone net debt numbers sir?

Deepak Asher: I think the standalone net debt is about Rs 220 crores.

Moderator: Thank you Mr. Shah. We have our next question from the line of Tejas Sheth from Reliance Mutual Fund. Please go ahead.

Tejas Sheth: Good afternoon Sir. On the PTFE side I think you have done fantastic in this quarter in terms of volume, what is driving this kind of growth because even your realization which you mentioned right now looks very high at a product like PTFE?

Vivek Jain: I don't know whether the realizations are very high for a product like PTFE, this should have been far more higher, but nevertheless I think the prices had remained subdued over the last 2 to 3 years because of excess capacity which had come up in China and sluggish growth in the market. I think we are seeing some reversal in trend both in demand and supply which has helped us both in terms of pricing as well as in volumes moving up.

Tejas Sheth: So you see this sustainable, it is not one-off event of some plant shutting down at global?

Vivek Jain: No I don't think, there has been some capacity mismatch in China and we believe that the supplies will ease from China to some extent going in the future because of the fact that they have adopted very strict environmental norms as a result of which some capacity is going out and also the fact that the cost of compliance has also increased so we would see increase whatever price increase has taken place, this should be sustainable, may be not at the same level, marginal reduction could take place but I think that the prices prevailing in the last 1 to 2 years are not likely to be there again.

Tejas Sheth: Okay, sir in your last call, you had mentioned that PTFE full capacity utilization you would be expecting in 4 to 5 quarters but I think your last comment you said that in Q1 you are nearing that kind of utilization?

Vivek Jain: We are reaching those kind of levels and we are looking at further debottlenecking both our TFE and PTFE capacity because TFE capacity is also now getting stretched out which last year was substantially idle and we see further growth taking place, so we are looking at debottlenecking the TFE capacity by the end of this year.

Tejas Sheth: In Refrigerant segment, also we grew quite well at 18%, so are we seeing some quota reversal in the Middle East or it is more domestically.

Vivek Jain: No its both, you know there have been international price increase has also taken place. We have seen some price improvement from China as a result of which there has been improvement in export realizations also and we are the largest exporter of R22 from the country because we have

large production quota, so that actually is coming in very handy and so that is one. In the forthcoming quarters, we will also be manufacturing another Refrigerant called R410 for which we are just setting up a plant for manufacturing R125, which is actually made from TFE only, so this also is going to result into an increased requirement of TFE which is going to result into a higher utilization of our capacity of TFE, in fact we have just mentioned that we are actually stretched out now, we don't have further TFE available as a consequence we are looking at debottling TFE capacity, both to meet the growing requirement for R125 as well as for further increase in PTFE sales which we are looking at, which would come in 2 to 3 quarters because we have also developed certain grades of PTFE which up till now we had not been very successful in and those products have now virtually been developed, trials are going on with customers. They will also start adding volume to our overall PTFE business.

- Tejas Sheth:** Okay, if you could just share the volume data of Refrigerant Gas for Q4 FY17?
- Deepak Asher:** Q4 FY17 was about 4650 tons.
- Tejas Sheth:** Okay and lastly what would be the CAPEX budget for FY18 overall.
- Vivek Jain:** So we are looking at CAPEX budget for 2017-18, would really be for enhancing and debottling our TFE capacity. For putting up some additional PTFE capacity, all our investments in the speciality fluoropolymers are already done so we don't need to put in any further investment there. Now we would see commercialization of those product which we have developed in the next 12 to 15 months and we will put in some remnant investment in fluorospeciality so in all total I think we are looking at an investment of about Rs 100 to Rs 125 crores.
- Moderator:** Thank you Mr. Sheth, we have our next question from the line of Ketan Gandhi from Gandhi Securities. Please go ahead.
- Ketan Gandhi:** Sir I missed out on the price increase on regular PTFE grade, it is 14% or 40%.
- Deepak Asher:** 40%.
- Ketan Gandhi:** Okay and secondly sir, how much fluorspar we are sourcing from our own mine in Morocco?
- Vivek Jain:** Well our Morocco mines are in the process of getting commissioned. I think in the next 1 to 2 weeks we will commission the Morocco facility. It was supposed to be commissioned about 2 months back but there were some technical issues which had come up which has got resolved. So in a way it was good because fluorspar prices have also started moving up, so at this point of time, of course we are importing the fluorspar from several sources and I think perhaps in a month's time, we will start sourcing part of it from our own mine from Morocco.
- Ketan Gandhi:** So, I mean when we can start 100% sourcing from our own mine.
- Vivek Jain:** We won't be able to, because our own requirement for fluorspar is going to go up much more than what we had envisaged because of this further debottling of our TFE capacity and the other

fluoropolymer business which we are likely to see increasing, so our requirement of fluorspar actually is going to become much more than what we had envisaged. So even after our own mines are in full production will probably still be importing about around 40% of our overall requirement.

Ketan Gandhi: Sir, why I am asking this is because I think recently even there is a jack-up in the price of the fluorspar.

Vivek Jain: Yes, I told you so, the prices of fluorspar had increased.

Ketan Gandhi: Okay and sir any further development of HFO, I think previously you told that we are doing some AP or something like that. Any plan to go for full-fledged product?

Vivek Jain: No, not at this point in time. Because at this point of time in any case you know there is an international patent application which has been filed by Dupont and Honeywell so in any case we will not be allowed to produce and sell directly into the market and I think these patents are valid till about 2022 or 2025, I am not absolutely sure at this point of time but around till that time. So what we are going to do is we are going to make an intermediate for HFO for one of the major Refrigerant producers, so that plant will get commissioned by the end of this year and we will start supplying some initial quantities during the next calendar year and after that starts picking up as we go along.

Ketan Gandhi: Sure, and sir when you are talking about we will starting from September onwards speciality chemicals, is it PFA, FEP, PVDF and all that?

Vivek Jain: These are fluoropolymers, those are speciality fluoropolymers. Speciality fluoropolymers like PFA, FEP, micro powder and FKM, these are as I mentioned that the plant facilities etc., have all been set. Products have been developed. We have taken them in the market, some commercial quantities have also started moving out and I think in the next 1 to 2 quarters, we will start seeing growth in the sales of these polymers also and as I mentioned 12 to 15 months from now, we expect to see almost a full capacity of these speciality fluoropolymers which we have set up.

Ketan Gandhi: Sir the commodity grid, PTFE, price trend with respect to speciality grade, what is the difference, I mean say regular grid has gone up by 40%, speciality grade has gone up by that much or little lesser.

Vivek Jain: That require about 10% to 15% depending upon product-to-product, customer-to-customer, because in any case the prices are higher and some of the new products which we have developed PTFE grades also fall in this category only, which will be those speciality products.

Ketan Gandhi: Sure and sir last question is what is the status of the balance wind turbine which lying with us in Inox Renewables Limited.

- Vivek Jain:** This is about 23 megawatt which are lying back, and frankly they were held up because at the last moment there were some due diligence issues, that were these had cropped up, so we are resolving that and I think over the next 3 to 4 months' time that also will be resolved.
- Ketan Gandhi:** Okay and sir when money is expected to come.
- Deepak Asher:** Over the next 3 to 4 months I would say because the conclusion of the transaction is subject to certain conditions precedent include lenders consent and regulatory approvals. We have already got all the lenders consent, so we are now in the process of starting the process on the regularly approvals that we should take another 2 to 3 months time.
- Moderator:** Thank you. Due to paucity of time, we are taking the last question. We have the last question from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead sir.
- Dheeresh Pathak:** Sir thanks for the opportunity. Sir speciality fluoropolymers you said you expect full utilization in 10 to 15 months, what is the total investment and how much revenue potential can it generate as per the utilization?
- Vivek Jain:** Well, the investment has not been large, I think all total all these products we are talking about investment or may be about Rs 50 to Rs 75 odd crores over the last 12 months.
- Dheeresh Pathak:** Okay and what is the asset turn from this business and what margins can it generate?
- Deepak Asher:** We are looking at a turnover of about Rs 400 to Rs 500 crores annually at full capacity.
- Dheeresh Pathak:** So, it is high asset turn.
- Deepak Asher:** Yes.
- Dheeresh Pathak:** What margin sir?
- Vivek Jain:** You know it is difficult to say but the margins have been pretty high in these products.
- Dheeresh Pathak:** Sir, will we exporting these products?
- Vivek Jain:** Yes substantially exporting the products to the US and Europe, there is some market of course for these products in India also but not substantial. I would say that you know we would be selling about may be about many different products, on a weighted average of may be about 20% to 25% in India, 75% will be exported out mainly to US and Europe where we now already have set up a fairly aggressive marketing team. We have got a distribution network, we have got warehousing there and many of the customers for these products would be existing customers.
- Dheeresh Pathak:** Sir, is there lot of overlap in the PTFE customer and these customers?

Vivek Jain: There is some, may be about 20% to 25%. There would be additional market applications to which some of these other products but I would say yes, micro powders, PFA, FEP would be 30% would be existing customers, PVDF would be completely new customers and FKM also is partially old and substantially new, so you know that goes mainly to the automotive industry. We have already scanned the market, we have already established contacts with most of the users so as the product keeps to improve, the volumes will keep on going up for these products.

Dheeresh Pathak: And are these businesses more scalable like is there a lot of big market and we can add or we can invest more?

Vivek Jain: Yes, we can with whatever capacities we have created, we can probably double the capacities in at least 2 to 3 of these products with very minor CAPEX.

Moderator: Thank you Mr. Pathak. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments. Over to you sir.

Deepak Asher: On behalf of the Management of Gujarat Fluorochemicals, I would like to thank all the few who participated on this call, appreciate your interest and look forward to your continued support in the future as well, thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of Axis Capital Limited that concludes this conference, thank you for joining us, you may now disconnect your lines, thank you.