

21st February, 2019

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Scrip code: 500173

The Secretary
**National Stock Exchange of India
Limited**
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Scrip Code: GUJFLUORO

**Sub: Transcript of Conference Call with Investors / Analysts held on Wednesday,
13th February, 2019**

Dear Sir/Madam,


Please find enclosed herewith transcript of the Conference Call held with Investors / Analysts of the Company on 13th February, 2019 post declaration of the Unaudited Financial Results for the third quarter and nine months ended on 31st December, 2018. The same is also available on the Company's website at www.gfl.co.in.

We request you to kindly take the above information on record.

Thanking You

Yours faithfully,

For **Gujarat Fluorochemicals Limited**



Bhavin Desai
Company Secretary

Encl.: As above

“Gujarat Fluorochemicals Limited Q3 FY19 Earnings Conference Call”

February 13, 2019

GUJARAT FLUORO CHEMICALS LIMITED



C H O R L L C

MANAGEMENT: **MR. VIVEK JAIN – MANAGING DIRECTOR, GUJARAT
FLUORO CHEMICALS LIMITED**
**MR. DEEPAK ASHER – DIRECTOR & GROUP HEAD
(CORPORATE FINANCE), GUJARAT
FLUORO CHEMICALS LIMITED**
**MR. V.K. SONI – HEAD (PROJECTS & NEW
INITIATIVES), GUJARAT FLUORO CHEMICALS LIMITED**

MODERATORS: **MR. ANKUR PERIWAL – AXIS CAPITAL LIMITED**

Moderator: Good day ladies and gentlemen and welcome to the Q3 FY19 Earnings Conference Call Of Gujarat Fluorochemicals Limited 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 ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankur Periwal from Axis Capital Limited. Thank you and over to you.

Ankur Periwal: Thank you Margaret and welcome everyone. We are pleased to host Gujarat Fluorochemicals Q3 and nine-months ending FY19 earnings call. The call will be initiated with a brief management discussion followed by an interactive Q&A session. As usual the management team is represented by Mr. Vivek Jain - Managing Director, Gujarat Fluorochemicals Limited, Mr. Deepak Asher – Director & Group Head (Corporate Finance), Inox Group of Companies and Mr. V.K. Soni – Head (Projects & New Initiatives) at Gujarat Fluorochemicals Limited. Over to you Mr. Asher for your initial comments.

Deepak Asher: Thanks very much Ankur. A very good afternoon to all participants on this call. I would like to take this opportunity first of all to extend a very warm welcome to all of you. Happy to inform you that the Board of Directors have concluded its meeting by about 1.5 hours ago and in that meeting apart from other things has approved the quarterly Financial Results for the Company for the quarter ended December ‘18. The results have been uploaded on the website of the Company as well as on the website of both the Sock Exchanges. Along with the results we have also uploaded earnings presentation that will give you an overview of the operating performance of the Company, both in quantitative as well as value terms and what I intend to do on this call to start with is to give you an overview of that presentation. And then of course we will open it for any questions that you might have.

Now as all of you know the Company essentially owns or controls three different businesses. The Chemical Business which has housed in the Company itself, the Wind Turbine manufacturing business which is operated by another listed company, Inox Wind Limited which is owned 57% by Gujarat Fluorochemicals Limited, your company and the Film Exhibition business which again is a separate listed company but which is owned 51% by Gujarat Fluorochemicals Limited. So the overview would comprise of snapshot of each of the three businesses.

In the Chemical Business, we have witnessed continued momentum led by higher volumes, continued emphasis on higher value-added products as well as price improvements in each of the products that we sell as a result of which we have seen revenues go up by 28% y-on-y so this is Q3 FY19 compared to Q3 FY18. EBITDA is gone up by 36% and PAT is up by 19%.

In the Wind Turbine manufacturing business we have posted a profitable third consecutive quarter on the back of execution of our order book. Revenues are up 330%, EBITDA is up by 429% and PAT is up 104%, Q3 FY19 compared to Q3 FY18. And we are in the advanced stage of launching the new generation Multi-megawatt Wind Turbine.

In the Film Exhibition business we are now present in 67 cities with 136 properties, 557 screens and 1,32,631 seats. In this business revenues were up 33%, EBITDA up 80% and PAT up 177% in Q3 FY19 as compared to Q3 FY18. And this improved performance has largely been due to good content flow and sustained focus on non-box office revenues.

So that's a very brief high-level summary of the operations of each of the three businesses. I will now take you in detail through the financial numbers. We will first compare Q3 FY19 with Q3 FY18 and then nine-month FY19 with nine-month FY18. So revenues have increased from Rs 969 crores to Rs1490 crores that's a growth of 54%. EBITDA is increased from Rs186 crores to Rs 360 crores that's a growth of 94%, as a result of which EBITDA margin has improved from 19.1% to 24.2%. PAT has improved from Rs 59.5 crores to Rs156 crores that's a growth of 162%, PAT margin has improved from 6.1% to 10.5%. Now these were numbers for the quarter. For the nine-month ended December revenues have increased from Rs 2930 crores to Rs 4329 crores that's a growth of 48%. EBITDA has improved from Rs 588 crores to Rs 1014 crores that's a growth of 72%, EBITDA margin has improved from 20.1% or 23.4%. PAT has grown from Rs 178 crores to Rs 771 crores that's a growth of 334%. PAT margin improved from 6.1% to 17.8%. There was a one-off tax refund reflected in this PAT which was Rs 349 crores but even without that PAT has grown from Rs 178 crores to Rs 422 crores, a growth of 137% and PAT margin without that one-off adjustment improved from 6.1% to 9.7%.

So that's a consolidated financial overview. Now as you know our financial comprised of these four different segments and just to give you a breakup of how each of the segments have operated; from the Chemical Business revenues have grown in the three months from Rs 526 crores to Rs 674 crores that's a growth of 28%. In the Wind Turbine manufacturing business revenues went up from Rs 91 crores to Rs 391 crores that's a growth of 330%. In the Film Exhibition Business revenues grew by 33% from Rs 326 crores to Rs 433 crores as a result of which aggregate revenues went up as I mentioned from Rs 969 crores to Rs 1490 crores, a growth of 54%.

For the nine months the figures were in the Chemical Business Rs1488 crores revenues going up to Rs 2049 crores that's a growth of 38%. In the Wind Turbine manufacturing business revenues went up from Rs 276 crores to Rs 1258 crores that's a growth of 355%. And in the Film Exhibition Business revenues went up from Rs1025 crores to Rs 1213 crores that's a growth of 18% as a result of which aggregate revenues went up in the nine-month period from Rs 2930 crores to Rs 4329 crores that's a growth of 48%.

And if you look at how the EBITDA stacked up from each of the different segments, the Chemical Business EBITDA grew for the three-month period from Rs 153 crores to Rs 207 crores that's a growth of 36%. The Wind Turbine manufacturing business EBITDA which was negative in the last year Rs (-) 19 crores went up to Rs 61 crores in this quarter. And the Film Exhibition business EBITDA grew by 80% from Rs 46 crores to Rs 84 crores as a result of which the total EBITDA for the three-month period went up from Rs. 186 crores to Rs. 360 crores that's a growth of 94%. For the nine-month period the Chemical Business EBITDA was Rs 412 crores which went up to Rs 617 crores, the growth of 50%. Again in the Wind Turbine

manufacturing business EBITDA which was negative last year Rs (-) 52 crores went up to Rs 185 crores so that's a growth of 450%. And in the Film Exhibition business EBITDA grew by 28% from Rs 167 crores to Rs 213 crores as a result of which total EBITDA for the nine-month period went up from Rs 588 crores to Rs 1014 crores that's a growth of 72%.

As far as PAT is concerned again the segment wise breakup of the PAT; in the Chemical Business went up by 19% from Rs 94.7 crores to Rs 113 crores. In the Wind Turbine manufacturing business it was Rs (-) 46 crores last year went up to Rs (+) 2 crores this year and in the Film Exhibition business it was Rs 13 crores going up to Rs 36 crores that's a growth of 177% as a result of which PAT for the quarter went up from Rs 60 crores to Rs 156 crores a growth of 162%. For the nine-month period in the Chemical Business PAT increased from Rs 247 crores to Rs 689 crores that's a growth of 179%. In the Wind Turbine manufacturing business Rs (-) 132 crores turned into a Rs (+) 14 crores. And in the Film Exhibition business PAT increased by 50% from Rs 57 crores to Rs 85 crores, as a result of which overall PAT improved from Rs 178 crores to Rs 771 crores that's a growth of 334%. So that is how the numbers stacked up at a consolidated level.

I will take you into a little bit further detail in terms of the numbers as far as the Standalone results for the Chemical Business alone is concerned; first of all the high-level numbers revenues increased by 28% for the quarter from Rs 527 crores to Rs 674 crores. EBITDA increased by 36% from Rs 153 crores to Rs 207 crores. EBITDA margin therefore improved from 29% to 30.7%, almost 31%. PAT increased by 19% from Rs 94.7 crores to Rs 112.5 crores. For the nine-month period the revenues increased from Rs 1488 crores to Rs 2049 crores that's a growth of 38%. EBITDA and EBITDA margin improved from Rs 412 crores to Rs 617 crores that's a growth of 50%. Margin improved from 27.7% to 30.1%. And PAT improved from Rs. 247 crores to Rs. 689 crores that's a growth of 179%. But that as I said was including the one-off tax adjustment without that PAT increased by 37% from Rs 247 crores to Rs 339 crores, leading to a PAT margin of roughly about 16.6%.

Now our Chemical Business as you know comprise of five different product families. So the breakup for each of these is as under; Caustic Soda sales was virtually flat Rs 128 crores last year for the quarter was Rs 121 crores this year for the quarter. Chloromethane sales went up from Rs 76 crores to Rs. 106 crores that's a growth of 40%. Refrigerant sales went to by 9% from Rs 68 crores to Rs 74 crores. PTFE sales went up by 48% from Rs 185 crores to Rs 275 crores. Value-added products sales went up by 62% from Rs 47 crores to Rs 77 crores. Others was virtually flat, Rs 22 crores last year, Rs 21 crores this year as a result of which overall chemical revenues went up by 28% from Rs 527 crores to Rs 674 crores.

For the nine-month period the figures were; Caustic Soda increased by 7% from Rs 327 crores to Rs 350 crores. Chloromethane increased by 41% from Rs 189 crores to Rs 267 crores. Refrigerant Gases increased by 21% from Rs 217 crores to Rs 263 crores. PTFE sales increased by 59% from Rs 534 crores to Rs 848 crores. Value-added products increased by 99% from Rs 132 crores to Rs 264 crores, as a result of which overall sales from the Chemical segment increased from Rs 1488 crores to Rs 2048 crores that's a growth of about 38%.

We have given for the details in terms of how the volumes behaved and how the price trends were. I won't take you through those details unless you have any specific questions we will be happy to answer them.

Going forward there is also segment information about the Wind Turbine manufacturing business, the Wind Farming business and the Entertainment business, again which I'm not going to take you through because all these are separately listed entities and anybody who is interested would perhaps have followed the earnings call as far as those companies are concerned. As far as the shareholding structure is concerned we have seen incremental investments from DII so DII stake which was 1.79% went up to 3.53%, essentially on the back of investments being made by HDFC small-cap Fund and HDFC mid-cap Opportunities Fund. Aditya Birla Sunlife also increased their stake from the 0.59% of the 0.89%. The market cap of the Company is based on the current price about Rs 9500 crores. Promoters continue to own about 68.33%, DII as I mentioned own 3.53%, FII is 4.21% and the public others are 23.93%.

So gentlemen that is the is a brief overview of the performance of the Company. I would now like to open it up for any questions that you might have.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: **Sir**, on the capacity utilization side—I was on the last call as well—I think you are more or less fully utilized on Caustic capacity and Refrigerants. There is some addition of capacity which you have planned in PTFE and since PTFE capacity currently is fully utilized so your comments on all this observations of mine and there was a capacity addition planned in Fluoro Specialty Chemicals, so status of those two capacity expansion and the capacity utilization?

Vivek Jain: The Chemical plant our capacity utilization is 100% that is for Caustic Soda and Chloromethane also for Refrigerants. However for PTFE the current capacity utilization because we expanded capacity in the last 2-3 quarters, our current capacity is about 1700 tonnes a month and currently we are selling about 1350 to 1400 tonnes. So we are at about 80%-85% capacity utilization. During the course of this year and the next 12 months we hope to achieve full capacity utilization.

Pritesh Chheda: So that expanded capacity has come online in PTFE?

Vivek Jain: Yes.

Pritesh Chheda: What is the status on the Fluoro Specialty plant investment of Rs150 crores?

Vivek Jain: Fluoro Specialty Chemicals, those are primarily for the Agro and Pharma sector. Out of the total about 6-7 products one has just been commissioned, so we will start seeing revenues coming from that. By May-June the rest of the plants will be commissioned and by September of this year we expect them to be running at close to full capacity.

Pritesh Chheda: So at 3X asset turn you will run the plant at full capacity in FY20 itself?

- Vivek Jain:** In the second half of FY20.
- Pritesh Chheda:** Few questions from your presentation; on the pricing trend if you could give your comments on the Chloromethane pricing trends and the PTFE pricing trends.
- Deepak Asher:** We normally don't talk about futuristic trends I mean the historical data is there in the presentation. We normally try and not give forward-looking statements on the call.
- Pritesh Chheda:** Okay, but being a Chemical Company these prices have shot up a lot so you would be having some sense of what's happening at least.
- Deepak Asher:** What's available in the market is that's market information. We would resist giving you forward-looking outlook.
- Moderator:** The next question is from the line of Ranjit Cirumalla from B&K Securities. Please go ahead.
- Ranjit Cirumalla:** On the Refrigerant front we see a spike in the realizations as well so would it be possible to give a split between the domestic and exports?
- Vivek Jain:** Volume wise it would probably be about 30% domestic, 70% export.
- Ranjit Cirumalla:** The majority of the price, the realization hike is on account of exports but it would be both evenly spread between domestic and export?
- Vivek Jain:** I would say so. I don't think there is any major spike which has happened in the domestic market so this would probably similar percentage would be applicable to both exports and domestic.
- Ranjit Cirumalla:** Just bookkeeping questions, on the P&L side we have seen the other expenditure come down on the Q-o-Q basis and even the power and fuel cost, so any specific reasons for that?
- Deepak Asher:** Last quarter we had book a mark to market loss in some of our treasury investments which we booked as other expenditure so that was I think if I remember right it's about Rs 27-28 crores. So the reduction this quarter you face is because of that, abnormal one-off kind of loss not being there in this quarter.
- Ranjit Cirumalla:** And on the power and fuel cost?
- Deepak Asher:** Power and fuel cost would have actually gone up if I remember right.
- Ranjit Cirumalla:** Yeah it has gone up from Rs 120 crores to Rs148 crores.
- Deepak Asher:** That's right, to some extent it's because of volume increase, to some extent we have realized more on the outside bought out power which is a bit more expensive, so we are evaluating opportunities to try and manage our power cost more efficiently.

- Ranjit Cirumalla:** On the outlook front, FY19 stands out to be one of the best years for us. Now on this particular base how confident are we on registering growth for the FY20 and FY21?
- Vivek Jain:** As we have said earlier while there was still a potential to increase revenues and profitability going in the future because we have as I mentioned that as a capacity of PTFE has gone up which we hope that in the next one-year we should be able to get to full capacity utilization where our new Fluoropolymer capacities which have also been created for different products like PFA, FEP, PVDF, FKM and Micropowders. Some of them have been commercialized; many of them are in the qualification stage, so these will also significantly add revenues and profitability in the next 12 months.
- Ranjit Cirumalla:** Finally what has been the CAPEX spent in FY19 and what is likely CAPEX for FY20?
- Deepak Asher:** I don't think I have those numbers handy with me but I think it will be in the tune of about Rs 250 crores maybe more. Ranjit give me a moment I will try and see if I can get the data for you, you can move on to the next question. So it's about Rs 330 crores this year.
- Ranjit Cirumalla:** Nine months CAPEX?
- Deepak Asher:** That's correct.
- Ranjit Cirumalla:** And what is the guidance for FY19 full CAPEX?
- Vivek Jain:** Maybe about Rs150 crores more to complete all the projects whether in Specialty Fluoropolymers or Specialty Fluorochemicals.
- Ranjit Cirumalla:** Are we intending to do more CAPEX in FY 20 or this would be the major CAPEX?
- Vivek Jain:** At this point of time our focus is going to be to ensure that the CAPEXs which have been incurred on the Fluoropolymers-Fluorochemicals businesses are fully utilized so that is where our focus is going to be to derive the full profitability from these new investments which have been made. We have a blueprint ready for further expansion in the future but for the next 6 to 12 months we will go slow on our CAPEXs and focus more on revenue generation and profitability enhancement from investments which have already been made.
- Ranjit Cirumalla:** Any timelines of the demerger of the Chemical Business into Inox Fluorochemicals?
- Deepak Asher:** I think we are going on track. As you know the process comprises of two stages. The first stage which takes about 2 to 3 months it is for the stock exchange and SEBI approvals to come through. We have filed the demerger scheme for these approvals sometime in the third week of December and we are told that we should get the stock exchange and SEBI clearance by the end of February. So I think we are on track on that. The moment that comes we will need to file it with the NCLT. NCLT normally takes about 6 months time because that involves meeting of unsecured creditors, secured creditors, shareholders as well as regulatory approvals including those from tax authorities etc. So assuming that we are able to do that by the first week of March

for which we have already kept all the papers ready in anticipation of the SEBI approval, one would expect by end of August or so to get the NCLT approval and then we will file with the ROC etc. So all to all by September end if all goes well and if there aren't any unexpected surprises we should have completed the demerger exercise.

- Moderator:** The next question is from the line of Ankit Gor from Systematix Group. Please go ahead.
- Ankit Gor:** My question with regards to volumes, sequentially we have seen little lower volumes. Was it mainly because of capacity constraint or higher in-house utilization or if you can give us some flavor of the market on that part?
- Deepak Asher:** I don't know what you're referring to because we have already mentioned on Caustic Soda, Chloromethane, we are at full capacity and the volumes are roughly what we did last year. Refrigerant volumes are slightly lower but that's more seasonal in nature because this year we had more severe winter. On PTFE volumes were actually gone up, it's gone up blended on at 18%, 20% for the regular grade and 15% for the value-added grade so we have seen an 18% increase in volumes in Q3 FY19 as compared to Q3 FY18.
- Ankit Gor:** Nevertheless I was talking about sequential but any sense you can give on Fluorspar prices and Chloroform prices.
- Vivek Jain:** I wanted to address that question, sequentially what happens is, the last quarter which is October-November-December is generally a slow quarter for almost all the products which are exported out because December traditionally for almost 15 days in December there was hardly any business which is conducted. So as a result of this normally October, November, December is a slower quarters than other quarters.
- Ankit Gor:** If you guys can give some color on Fluorspar and Chloroform prices, thank you?
- Vivek Jain:** Fluorspar pricing have gone up, prices have shot up in the last several months, currently holding around between \$500 – \$550 CIF. Chloroform prices are also gone up to almost about \$500 to \$550. They are looking downwards just now so we just need to see what happens in the next few months.
- Moderator:** The next question is from the line of Chirag Dagli from HDFC Mutual Fund. Please go ahead.
- Chirag Dagli:** **Thank you for opportunity.** Based on the presentation there seems to be a 20% realization premium for the value-added PTFE versus the regular PTFE. Is this in line with what we have seen in the past, is there some change here, do you see this gap narrowing or increasing?
- Deepak Asher:** No that is something which you would normally expect and 20% variance is normal. Maybe it might go up a little bit as we become a established supplier for these value-added grades we might be able to give get the pricing up.
- Chirag Dagli:** In the past this has been much higher?

- Vivek Jain:** What?
- Chirag Dagli:** This gap between regular versus value-added grades?
- Vivek Jain:** Yes because the regular grades pricing also went up in the meantime as you know and the value-added grades what happens is typically as you expand your market share and get into new customers with new products initially your pricing is a bit discounted to the established players like Chemours, Daikin and 3M but as your reliability as a supplier gets established then there is that possibility of increasing prices for them.
- Chirag Dagli:** What is the utilization of the non-PTFE volume capacity currently?
- Deepak Asher::** I would say it is about 25% or so; so, there is a huge upside possible as we get into in the next 3 to 4 quarters.
- Chirag Dagli:** This is 25% utilization for the products that we have launched, on top of this there would be more products that we will also put in capacity for?
- Vivek Jain:** That's right these are products which we have launched for which capacities have already been set up but these are very niche products so qualification process with the customer is lengthy. It is of course lengthy for PTFE but it is slightly lengthier for these new Fluoropolymers is also. But the good part is that once you get established as a supplier then you are in pretty sticky business so it remains there with you for hopefully the long term.
- Chirag Dagli:** Okay. what is the nature of this, so the CWIP; I can see that in the presentation that there is a CWIP of 247 crores as on December 2018, what is this exactly on?
- Deepak Asher:** This will be some of the expansion that we talked about the CAPEX we talked about for Dahej plant.
- Chirag Dagli:** So, all of this is polymers, non-PTFE polymers?
- Deepak Asher:** There would be a mix of couple of other things as well, I don't have the breakup right now in front of me but I could perhaps share it with you if you are interested.
- Chirag Dagli:** Okay. What is the nature of this foreign exchange gain that we have seen; is this operational or is this loan mark to market?
- Deepak Asher:** This is all operational.
- Chirag Dagli:** Essentially the way to think about this is that if the currency remains where it is; this will eventually get recorded in the sales line whereas currently it is getting recorded?
- Deepak Asher:** Yes if, there is no fluctuation at all.

- Chirag Dagli:** Is there any tax implication on the demerger scheme that we have currently thought of?
- Deepak Asher:** No, demerger scheme is completely tax neutral. There would be a stamp duty cost because of the immovable property being transferred it should perhaps be in tune of about 20 to 25 crores but apart from that there is no tax implication.
- Moderator:** The next question is from the line of Ketan Gandhi from Gandhi Securities. Please go ahead.
- Ketan Gandhi:** In the past question you had said that our capacity is around currently is around 1500 tonnes per month for the PTFE. I believe in the previous con-call you have said we are increasing from 1500 to 2000, so you said we will be reaching the 100% capacity in terms of 1500 or 2000?
- Vivek Jain:** I think must have been some error. Our capacity which we have enhanced to; is about 1700-1800 tonnes per month and we are currently at about 1350 to 1400 tonnes so we still have to sell an additional 300 to 350 tonnes in a month which will happen over the course of this year.
- Ketan Gandhi:** For that environmental clearance for enhancement of the EC has been received or it is in the process?
- Vivek Jain:** We already have the EC for that.
- Ketan Gandhi:** For 1800 tonnes?
- Vivek Jain:** Actually, we have the EC 2000 tonnes, we have currently set up capacity for about 1700 to 1750 tonnes per month.
- VK Soni:** Depending upon the grades we make, we can also produce up to 2000 tonnes but because of our emphasis on the value-added grades we will be producing 1850 tonnes or 1800 tonnes.
- Ketan Gandhi:** What is the price of the PTFE currently, normal and the value-added grade as of today?
- Vivek Jain:** The normal PTFE would be about \$9-\$9.5 for the regular grades and about \$12.5 for the value-added grades.
- Moderator:** The next question is from the line of Jayesh Gandhi from Harshad Gandhi Securities. Please go ahead.
- Jayesh Gandhi:** Volume for Refrigerant Gases has come down, is there any specific reason other than may be we are using it in our captive consumption?
- Vivek Jain:** No that of course is true that we are using more captive consumption but this current year, this current financial year; the markets have been weak because of climatic conditions so that has impacted the volumes this year.
- Jayesh Gandhi:** Any outlook you can give on that?

- Vivek Jain:** It's difficult to say this business sensitive to climate so if the summers are normal you probably get back to better numbers for Refrigerants.
- Jayesh Gandhi:** If we look at our standalone numbers, Power and Fuel cost have seem to be have jumped up so any outlook on that now post this crude oil fall.
- Vivek Jain:** No. That unfortunately leaves a position. We have a certain amount of captive generation where our costs are much lower and therefore we are currently examining the possibility of increasing capitve generation through different means essentially at this point of time when because that is gives us the lower cost of production but the gas prices have gone up we have some gas turbines also where we use natural gas for the fuel and those gas prices have also gone up unfortunately because of the reduction of crude. Gas is not really be moved in tandem and so it's basically because of the fact that fuel prices have gone up or the grid cost have gone up which frankly speaking are beyond our control. We can't really do anything except increase capitve generation which we are evaluating, some investments which we are currently evaluating to enhance our own captive generation of power.
- Jayesh Gandhi:** So, can we assume that this can be a new normal in power and fuel?
- Deepak Asher:** If we go in with our captive investments then one would expect power cost will actually go down. It would help in bringing it down so that's the reason why contemplating basically wind.
- Jayesh Gandhi:** My last question is on other income. The other income has also come down if you compare to previous quarter or year-on-year quarter. Any reason for that?
- Deepak Asher:** Last quarter there was a one-off item we mentioned that we got a income tax refund of about 340 crores, that was accompanied by interest on that income tax refund which was about 27 crores which was shown in the other income so that of course was one-off thing which does not get the repeated this quarter.
- Moderator:** The next question is from the line of Paras Nagda from Enam Holdings. Please go ahead.
- Paras Nagda:** **Congratulations on good numbers.** My question is on R410, If I see the presentation there has been a decrease in the revenue and from a peak revenue of 49-50 crores that we used to do in June, it's gone down to 15. I understand it is there is some seasonality but if you could throw some light on what is happening R410?
- Vivek Jain:** Two things on R410, of course there is a seasonality factor plus also prices we are quite high last year and the prices have gone down significantly during the course of this year. So that is the reason why the revenues from 410 are lower than last year, both these reasons one, the volumes as well as pricing.
- Paras Nagda:** About the book keeping question the gross debt and the net debt both standalone and on a consol basis, if you can share?

- Deepak Asher:** I think we are virtually net debt free on a Standalone basis. Standalone, our gross debt is 786 crores, treasury investments are 833 crores and net is (-) 47 crores so virtually debt free and on a consol basis the gross debt is about 1900 crores, the treasury/cash is about 726 crores so the net debt is about 1200 crores.
- Moderator:** The next question is from the line of Ketan Gandhi from Gandhi Securities. Please go ahead.
- Ketan Gandhi:** Any update on Fluorspar Morocco plant?
- Vivek Jain:** As I mentioned last time that we are having some technical problems and we were not able to really get our capacity utilization up. We are in the process of removing the glitches now; we have found solutions to the problems which we were having. It will take still 3-4 months before we are able to get to full capacity utilization; we are currently running it at about 40% to 50%.
- Ketan Gandhi:** So currently 40% to 50% production is on?
- Vivek Jain:** Yes.
- Ketan Gandhi:** Previous quarter I don't think so we had any production?
- Vivek Jain:** Previous quarter actually we had taken a shutdown, no, there was production but there was also a extended shutdown which had to be taken to rectify some of the deficiencies which got spotted so those are the ones. So, we had taken a shutdown then and there at that time and some of the further improvements which have to be done; we expect that by end of June-July we should have most of those issues sorted out and we should see, in fact not only hitting our stated capacity but even going beyond that.
- Ketan Gandhi:** Can you please clarify that in this quarter result any revenue booked for the Fluorspar sales in this?
- Deepak Asher:** We will book it from next quarter, Ketan.
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Deepak Asher:** Thank you very much. I would like to thank all the investors, analysts and other participants on this call for their interest in the company. We have been mentioning that the chemical segment or business should look up. It's taken us a little bit longer than what was expected but at least it directionally we are in the right direction and hopefully things could only get better going forward. So once again thanks for your interest and look forward to interacting with you soon. Thank you.
- Moderator:** Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.