GFCL: BRD: 2025

3rd June, 2025

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

Scrip Code: 542812

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai 400 051

Symbol: FLUOROCHEM

Dear Sir/Madam,

Sub: Transcript of conference call with Investors/Analysts held on Tuesday, 27th May, 2025

Ref.: Regulation 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

With reference to our letter dated 23rd May, 2025 and pursuant to Regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Transcript of conference call held with Investors/Analysts of the Company on Tuesday, 27th May, 2025 at 04:00 p.m. to discuss the Financial Performance of Q4 & FY25.

The above information will also be made available on the website of the Company at www.gfl.co.in.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Gujarat Fluorochemicals Limited

BHAVIN VIPIN DESAI
Digitally signed by BHAVIN VIPIN DESAI
Date: 2025.06.03 15:14:11 +05'30'

Bhavin Desai
Company Secretary
FCS 7952

Encl.: As above

"Gujarat Fluorochemicals Limited
Q4 & FY '25 Earnings Conference Call"

May 27, 2025

MANAGEMENT: **DR. BIR KAPOOR – DEPUTY MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – GUJARAT FLUOROCHEMICALS LIMITED**
MR. AKHIL JINDAL – GROUP CHIEF FINANCIAL OFFICER – GUJARAT FLUOROCHEMICALS LIMITED
MR. MANOJ AGRAWAL – CHIEF FINANCIAL OFFICER – GUJARAT FLUOROCHEMICALS LIMITED
MR. KAPIL MALHOTRA – HEAD OF OUR FLUOROPOLYMER BUSINESS – GUJARAT FLUOROCHEMICALS LIMITED
MR. RAJIV RAO – BUSINESS HEAD OF EV CHEMICALS OR BATTERY CHEMICALS BUSINESS – GUJARAT FLUOROCHEMICALS LIMITED

MODERATOR: **MR. NITIN AGARWAL – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Gujarat Fluorochemicals Q4 and FY '25 Earnings Conference Call, hosted by DAM Capital Advisors. 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 star then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Agarwal from DAM Capital Advisors. Thank you, and over to you.

Nitin Agarwal: Thank you, Manav. Hi. Good afternoon, everyone, and a very warm welcome to Gujarat Fluorochemicals post results conference call hosted by DAM Capital Advisors Limited. On the call today, we have representing Gujarat Fluorochemicals Management, Dr. Bir Kapoor, Deputy Managing Director and Chief Executive Officer, and other senior members of the management team.

I'll hand over the call to the Gujarat Fluorochemicals management team to take the call forward from hereon. Please go ahead, sir.

Bir Kapoor: Thank you, Nitin. Good afternoon, everyone, and this is Bir Kapoor. A very warm welcome to all of you for GFL's Quarter 4 FY '25 Earnings Call. For this call, I have with me my colleagues, Mr. Akhil Jindal, who is Group CFO; Mr. Manoj Agrawal, who is CFO of GFL. And I also have with me Mr. Kapil Malhotra, Business Head of Fluoropolymers; and Mr. Rajiv Rao, who is the Business Head of EV Chemicals or Battery Chemicals business.

The company announced its quarter 4 FY '25 and full year results at its Board meeting held today. The results, along with earnings presentations are already available on the stock exchange and on our website.

I'll briefly highlight the key financials and then give you an update on business operations and outlook. I'm pleased to share that for the quarter, we have reported revenue from operations of INR1,225 crores, reflecting an 8% increase year-on-year.

Our EBITDA grew significantly by 28% to INR305 crores with margins improving from 25% -- to 25% from 21% in same time last year, which is quarter 4 FY '24. Our consolidated PAT nearly doubled, reaching INR191 crores in this quarter.

So the Bulk Chemicals segments underperformed during the quarter, impacting the overall performance, while the core sectors reported healthy growth. Our net debt as on March 31, 2025 has come down to INR1,451 crores as compared to INR1,769 crores as on March 31, 2024, resulting an improvement of net debt to equity from 0.3% to 0.2%.

Also, working capital days have increased in anticipation of the growth in next few quarters. We have increased production of Fluoropolymers and Vacuum materials to build up the pipeline, and we expect this to normalize in next 1 to 2 quarters. The strong financial performance was largely driven by sustained growth in our Fluoropolymers vertical and a better product mix.

While we continue to invest heavily, especially in our Battery Materials business, profitability remains impacted by higher depreciation and interest cost associated with this capex. We expect this to normalize as revenue from the segments ramp up.

Now let me briefly take you through the performance of each business segment for the quarter. In our Fluoropolymer business, revenue growth was primarily driven by volume increase in new Fluoropolymers. Prices remained stable across domestic as well as global markets. FKM volumes are steadily rising as new project approvals are under progress.

Growing demand from automotive, semiconductors, Electric Vehicles and Energy Storage system is opening significant opportunities for this sector. As indicated during the last quarter, we are witnessing a continued growth in Fluoropolymers revenue and volumes due to our focus on higher value-added grades of new Fluoropolymers.

This segment has also started seeing a positive impact due to exit of legacy players that we had predicted several quarters back. Going forward, we expect this momentum to continue as the fundamental of this segment is quite strong and is driven by growth in sectors like semiconductors and automotive.

Within our Fluorochemicals business, we saw improvement in R-22 prices during the quarter and further increase is expected as global production quotas reduce. Direct sales and blend of R-125 also improved due to seasonality with a positive outlook ahead.

Specialty Chemicals remained stable, and we anticipate margin and volume improvements going forward in FY '26. We are also working on multiple options to initiate the commissioning of R-32 plant much ahead of the schedule and expect to commence the commercial sale starting during the second half of this financial year.

During the quarter, our Bulk Chemicals segment faced challenges due to an incident at our -- one of our plants in Dahej, CMS-1 plant, leading to approximately 15% production loss and softening of MDC prices have negatively impacted our profitability in this segment.

Caustic soda prices also remained flat, but sequentially on year-on-year. MDC prices declined due to new capacity additions, but are expected to stabilize in coming quarters. Overall Bulk Chemicals segment is expected to resume to normalcy in coming quarters.

Let me now give you an update on the Battery Materials business, which caters to EV and ESS segments. GFCL EV holds the first-mover advantage as a non-Chinese global supplier in the battery materials space.

We continue to make rapid stride in building this business on strong fundamentals and establish ourselves as a key global supplier with wide range of products. Our $LiPF_6$ Salt production has stabilized, meeting stringent global specifications with strong customer interest driving the potential market demand, we are moving ahead with Phase 2 and Phase 3 capacity expansions planned in FY '26.

Our LFP plant have achieved mechanical completion with commissioning and trial production set to begin next month. We have also established pilot plant and R&D capability to develop new grades and wide product range in this product category.

Our electrolyte and binder plants are also at advanced stage of customer validation with multiple successful global audits already completed. We are pleased to share that our customer engagement has increased significantly with technical visits and audits from prospective clients in the US, EU, Korea, Japan and India.

Demand for our product is expected to be robust, driven not only by EVs, but also by the growing energy storage system markets, which is critical to renewable energy and green hydrogen transitions as well as rise of AI-powered data centers.

The global battery materials market remains promising. Despite some reported delays, the US continues with ambitious capacity expansions, while Europe's EV and battery production capacity is set to grow substantially, reaching nearly 800 gigawatt hour by 2030.

Domestically, capacity announcements exceed 300 gigawatt hour, offering a large addressable market for us in both ESS as well as EV sectors. We have announced capex of INR1,600 crores for FY '26 with INR1,200 crores earmarked for GFCL EV, largely towards increasing the current capacities with increased customer approvals and audits in place and INR400 crores for GFL, largely earmarked for Fluoropolymers and refrigerant business.

To summarize, the Fluoropolymer segment will benefit from high-value product adoption. Fluorochemicals will see improved pricing and demand in FY '26 and our EV Battery Materials business is poised for significant ramp-up. We remain confident in delivering sustained growth and creating long-term value for all our stakeholders.

Thank you so much for your interest in GFL, and I now open the floor for questions.

Moderator: Thank you. We will now begin the question and answer session. We have a first question from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: First set of question on the increased working capital on Fluoropolymer and Battery Chemicals. You said that we have built a good inventory in the anticipation of rising demand in the 1H of FY '26. Do we have a confirmed order? Or do you think it's more of an anticipation and projection, which is leading to a bump up in the inventory level at our end?

Bir Kapoor: See, in case of Fluoropolymers, we, of course, have our order book, and that's the reason we have increased our supplies and trying to fill up the pipelines. Similarly, in EV battery material as well, we have long-term projected demands given to us by our customers. And in that anticipation, we are building up our pipeline.

Sanjesh Jain: When we say that there is a long-term projection provided by the customer, that means we have been completely approved? We have received POs or how is it?

Bir Kapoor: The way it works is that typically, once our customer engagement starts, we -- the both thing goes in parallel, the commercial discussions, which essentially indicate what material that we can supply with what quantities and also projections of the potential pricings.

And the qualification also moved parallelly because these are long-term contracts, Sanjesh. So in these -- our capability to provide certain quantities in long term is a key aspect of our customer engagement and contracts.

Sanjesh Jain: So why to make material in so much of advance if it is not for just approval?

Bir Kapoor: Let me -- I think not -- it's not that we are making too much material in advance. This is, for example, in case of Fluoropolymer, as you are aware, we are doing stock and sell in US, and we have warehouses and the depots in North America as well as Europe. Considering the transit time from here to US and building up the capacity in terms of anticipation of the sale. So this is the pipeline which is getting filled up, which includes building up the capacity not only at the depot, but also the shipment, which is taking almost 2.5 to 3 months to reach.

Sanjesh Jain: Okay. Got it. My second question is on the capex of INR1,600 crores, particularly INR1,200 crores on the EV side. I thought that we will do more capex based on the customer orders and it will be make-to-order kind of situation. Why are we going ahead with the Phase 2, Phase 3 kind of a capacity addition where we are yet to sign a long-term contract?

Bir Kapoor: We already have anticipated demand and the projected demand from our customers and -- because the capacity building takes a long time, Sanjesh, okay? So when -- see, the way -- in fact, I've said it many times that in our EV Material business, we initially started with commercially viable size, okay?

And then we are now building up. Once we have demonstrated the capability to produce a high-quality material, which is benchmarked at the world quality. Now we are building up the capacities and adding up the volumes.

It's happening as per the plan. It's -- we already had planned the Phase 2, Phase 3 capacity additions. So we started with $LiPF_6$ plant, LFP plant demonstrated, customer have approved, visited our sites. And now in order to fulfill the projected demands, we need to build up capacities.

Sanjesh Jain: Will it be fair to assume that because LFP is yet to stabilize, all this INR1,600 crores is largely towards $LiPF_6$ and electrolyte for it also...

Bir Kapoor: Not really. It's -- because if you look at our product portfolio, we have $LiPF_6$. We have binders. We have LFP and we have electrolyte. And also we -- in case of salt, we also have backward integration to make LIF and also high purity HF. So these capex involves the overall bouquet of products as well as the backward integration.

Sanjesh Jain: See, there's so much of demand we anticipate for Fluoropolymer, battery chemical. Do we have enough HF and it becomes a bottleneck for us?

Bir Kapoor: As of now, we don't have an issue with our HF. However, in order to cater to future demand, we have already announced that we'll be adding up HF capacity.

Sanjesh Jain: When we did announce? Sorry, I missed it.

Bir Kapoor: We -- last time, we said that when R-22 and AHF, we will probably be adding both the capacity.

Sanjesh Jain: Okay. So it will come along with the R-22.

Bir Kapoor: Right.

Sanjesh Jain: My next set of question is on the guidance. We said we want to achieve, say, INR2,000 crores kind of an EBITDA in FY '26. The start appears to be much slower or the end for FY '25 appears to be much lower than probably what we would have desired, which would have given us the line of sight for this. Sitting at INR306 crores quarterly, we are anticipating INR500 crores quarterly and exit probably above INR600 crores, which is almost 2x the EBITDA. Are we still remain confident on those guidance?

Bir Kapoor: Yes, we are. I mean Fluoropolymer, what we are seeing the traction right now, we expect to see almost 25% growth in Fluoropolymers from where we are today. So we will see a gradual growth in Fluoropolymer as we go along. And this we have said earlier, and we are seeing it again, saying it again. We would continue to see growth in our core business, which is Fluoropolymers.

Moderator: We have our next question from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Congrats to see that margins have expanded and Y-o-Y numbers have been pretty good. Sir, first question is on Fluoropolymers. So last time, you had indicated that we'll be able to optimally utilize the Fluoropolymers capacity by end of FY '26?

And just now you also alluded that we have a relatively good visibility on the same. When we are talking about the INR400 crores of capex on the legacy business, does this also include Fluoropolymers because beyond FY '26 if we are optimally utilizing, you will need additional capacities to cater from FY '27 onwards? So just your thoughts on this?

Bir Kapoor: Yes, Rohit, thanks. Exactly. That's what our plan is that the INR400 crores capex that we are planning in GFL will primarily cater to Fluoropolymers, because there will be some amount of capacity addition, balancing, debottlenecking, which will happen as we go along, okay? And I have already stated that earlier a long time back that we have built up the capacity required in monomer.

Now downstream, setting up the reactor to add incremental capacity capex requirements are not that significant. So we are taking into account our future business. This is what we intend to do in this coming year, spend part of the INR400 crores in Fluoropolymers.

Rohit Nagraj: Got it, sir. Sir, second question on the EV part of the business. Given that we have already submitted commercial samples, we've received approvals for most of the products. Can we envisage a sizable contribution from the EV subsidiary in FY '26? And obviously, that will further scale up in FY '27?

Bir Kapoor: We expect the revenue from EV business to trickle in towards the second half of this financial year. I would not say sizable because GFL, of course, is a fully grown business. But nevertheless, we expect the ramp-up to continue and pick up in FY '27.

Moderator: We have our next question from the line of Arun Prasath from Avendus Spark.

Arun Prasath: Sir, first question is on the -- once again, Battery Chemicals, EV materials. So we have kind of indicated INR1,200 crores of capex in '26. Of that INR1,000 crores will be from the fund infusion and rest of the INR200 crores from the internal accruals. So this INR200 crores is the operating cash flow generated by the EV business? Or it is leftover infusion from the previous years? How should we see this?

Bir Kapoor: See, this INR1,200 crores that we are saying is the cash flow out that will happen this year in capexes for EV business, okay? So this will be, of course, in continuation to whatever the project that we had started. There will be some more new projects that will be added as we go along. I don't think we have said that there will be a split in terms of accruals or outside.

The EV businesses, of course, we have indicated earlier, will be funded through external. Whatever had to happen from internal accruals, we already did that. Going forward, we'll be funding it through external fund raise, okay?

Arun Prasath: No, sir, we have mentioned it is self-funded. Rest of the capex will be mentioned is self-funded by EV business. That's why the question is.

Akhil Jindal: Sorry, I just want to add...

Bir Kapoor: Let me get Akhil online here. Akhil is our CFO, please.

Akhil Jindal: I think what we mentioned in the last 3, 4 conferences is that the funding will be done from external sources without relying on the internal cash flow of GFL. And this is what we did in the FY '25. If you see the entire capex of almost INR700 crores is funded out of the equity raised in September, October of last year.

We raised INR1,000 crores last year, which has funded the capex. We still have some cash out of that equity raise, which would be partly used for capex this year. Also, the new capex that Dr. Kapoor just mentioned would all be funded by the external sources without relying on the cash flow of GFL. That has been our stated position for the last 6 to 9 months, and that continues to be.

Arun Prasath: Okay. Understood, sir. Sir, second, when we are saying that we will be getting some revenue tripling in from the EV business, fair to assume that first, it will be from the Fluoropolymers because at least in the salt and the electrolytes, we still don't get the local customers or our overseas customers giving the orders. So Fluoropolymers will be the main contribution even in the EV business?

Bir Kapoor: It will be both. It will be salt as well as Fluoropolymer, which is used as a binder because both are at very, very advanced stages of getting qualified. So you're right. I mean there will be a combination of the two. I will not say it's only Fluoropolymer, it's both. Because both are very close to getting commissioned.

Arun Prasath: Right, right. Sir, finally, one question on the PTFE and Fluoropolymer. So can you just help us understand in terms of pricing, in which stage each of the molecules are, say, FKM, PFA and PTFE, which is further basic and value-added, where pricing is in, say, at the bottom of the cycle or at the top of the cycle or in the middle trending upwards or downwards? Some color on this would be helpful.

Bir Kapoor: Yes. Thanks, Arun. I'll request Mr. Kapil Malhotra, who is the Business Head of Fluoropolymers, to take.

Kapil Malhotra: Arun, good afternoon to you. Firstly, I would like to say that in the last two conferences, I had mentioned that in PTFE, we are trying to go for higher value-added grades, which is a constant with us. And currently also, we are doing the same. As such, the prices are stable in the market, but we are constantly churning our portfolio to go for higher value-added grades of PTFE, which is also showing reflection in our margins, which are improved.

Coming to FKM and PFA. In FKM, we are also -- because FKM is kind of a business where there are new projects which are constantly under approval. So quarter-by-quarter, we are improving our business volumes in FKM prices are stable. And there also, we have some higher value-added grades, where approval process were long, but now the approvals have started coming in and commercials have started.

In PFA, we are into a regular business, which I also told last time that approvals have come even from some of the semiconductor applications. And some of the approvals are still underway, and they will keep on coming quarter-by-quarter, and the business will keep on going.

And also one of legacy players has moved out. That benefit also we started seeing, and we'll subsequently start seeing in the next quarters also.

Arun Prasath: Okay. We are seeing the benefit in terms of pricing or volume? Because I don't see much benefit in terms of pricing in the -- because of the legacy player exit.

Kapil Malhotra: See pricing, we are always at par with the other players. But yes, volumes definitely will increase. They have started increasing. And we also feel that most of the in-line stock material will also finish off by this quarter end. So even volumes will also keep on increasing from next quarter onwards further.

Arun Prasath: Understood. Sir, finally, on the power and fuel. Is the full benefit is fully reflected in this quarter? Or is it still something will trickle in the next quarters as well?

Bir Kapoor: It will come next year. Manoj, do you want to add that?

Manoj Agrawal: Yes. So part of the commissioning has happened and part will be in this financial year '26.

Arun Prasath: So this is only very in the early stages. So we still think more than 60%, 70% of the benefit is at TECO. That's the right understanding?

Manoj Agrawal: Yes, yes.

Moderator: We have our next question from the line of Naushad Chaudhary from Aditya Birla Life Insurance.

Naushad Chaudhary: Two clarifications. First, on the EV chemical business. In last 2, 2.5 years, the -- a lot has changed in the overall EV project-related business from a pricing point of view and all. I was just wondering, has this also impacted in terms of cost or capex per ton or whatever metrics we follow from a capex requirement per ton for this business?

Bir Kapoor: Thanks, Naushad. What we have been -- obviously, there has been some changes in the global market because of the tariff situation, etc. And of course, I think what you're referring to is the overall battery material prices in China have dropped down significantly, okay?

However, when we look at our own business plan, we have a very long-term plan and where we have factored in our positioning, which is typically as a supplier, which is an outside China supplier with a very large bouquet of products, providing a robust supply chain, which is independent of China.

So with this kind of positioning, we have our own set of plan with respect to what pricing and the pricing premium that we can command over China. So our business plan and capexes were based on that situation. And we have already accounted for what the current pricing is today because these pricing have been quite stable now for almost a year, what you are talking about.

Almost 3 years back, they were high. But I think last 1.5 years or almost 1 year, they have been very, very stable, whether you look at the salt pricing or LFP or any of the battery materials pricing.

So our capex's plan, our business model and the projected business financials, we have already accounted for what you see in the market today. And coming back to your capex's part, yes, we have a target in our mind because the initial plant as we go on adding capacities, our specific capexes are benchmarked at the global level.

So what -- for example, the plant is costing, for example, in China, our target is when we reach the full commercial scale capacity additions, these will reach the same level of benchmarks.

Naushad Chaudhary: I'm sorry, actually, my question was basically because the metrics is changing for the industry. It was emerging industry initially, the capex per ton would have been higher. I'm just assuming because things have changed now, has the capex per ton requirement for the industry changed? Or is it at par what it was 2 years back?

Bir Kapoor: No. If we talk about the industry, again, I would emphasize there are two set of industry. One is within China and other is outside China, okay? Outside China, there have not been a very significant capacities of salt, for example, or for LFP for that matter. So outside China, the -- it's still capacity is being added and it's built with GFL being one of the leading players. So our benchmark of the capex are still the same. So outside China, these materials have not really developed yet.

It's still at a very, very early stage. So most of the development in terms of capability has happened within China. Outside China, it's at very, very early stage. Do -- I mean, did I answer your question?

Naushad Chaudhary: Yes. So excluding -- ex of China, nothing much has changed in terms of capex requirement?

Bir Kapoor: Correct. Absolutely.

Naushad Chaudhary: Okay. And second question on this, if you have to highlight a few key risk to the EV project business, what would that be?

Bir Kapoor: See, in terms of fundamental of EV is very, very strong because this is -- has to come because of the green climate agenda plus as we are seeing growth in renewables. We talked about growth in EV as well as ESS, both sectors. So in terms of risk, if I see, in terms of timing, how these eventually grow. But fundamental that whether we will be able to reach, for example, in India, 300 gigawatt hours or not, I don't think we see that as a big risk at the moment.

Naushad Chaudhary: Okay. And overall working capital cycle for this business versus base would be similar? Or would there be any difference?

Bir Kapoor: We expect it to be similar because in this case, also since our target market is -- a big chunk of that is outside India. So we will have to be supplying material to US, for example. There will be material which will be on the high seas. We'll have to maintain certain level of stocks. So we should be very similar to our Fluoropolymers, Naushad.

Moderator: We have our next question from the line of Ankur from Axis Capital.

Ankur: First question on the Fluoropolymers side. So early teens sort of growth this year. If you could highlight what has been the key driver for this growth largely coming from the new Fluoropolymers or on the PTFE side?

Bir Kapoor: It's largely from -- Ankur, it's largely from new Fluoropolymers, and that's what we have said because we had built up capacity anticipating the demand to pick up for multiple reasons. And this is exactly the way it is progressing now. It's happening in new Fluoropolymers.

Ankur: Sure. And as you highlighted in one of the earlier comments, the consolidation among the global players, the benefit from that, it is yet to come in? Or we have already started seeing some benefit in Q4, the volume-led growth?

Bir Kapoor: So some of it has trickled in, but more -- we see -- expect to see a lot more because for one of the legacy players stopped their production in a few months back in December only, and they were pipeline. So we have started seeing a traction now. And there's another legacy player who has relocated and stopped the production in Europe. So a lot of it we expect to see, I think, in quarters to come.

Do you want to add, Kapil, please?

Kapil Malhotra: Yes. Ankur, as just mentioned some time back, we have started seeing some traction. But yes, as Dr. Kapoor is mentioning, there are some materials which are in the pipeline, stocks in the customers in the pipeline. So they are expected to finish off by this quarter end. And we expect, as the customers are giving us indications, that subsequent quarters, these volumes should grow up in replacement of the products which were being supplied by these legacy shares.

Ankur: Sure. So possibly a step-up jump there maybe in the H2 coming in. Fair. Just a second bit on the battery chemicals side. While you highlighted that this capex is going to be pretty widely spread across the multiple products that we are trying to address in this value chain. Just trying to get your thoughts in terms of, let's say, our quality as well as cost competitiveness in salt, binder and other products vis-a-vis not only China, but let's say, non-Chinese vendors. Pricing you did highlight, but overall on the offering side.

Bir Kapoor: So if we look at among our non-Chinese players, I think we are one of the most competitor in terms of not only capability to supply, add capacities and give quality. If you look at binder, which is Fluoropolymer, of course, we have been around in this business for a very long time. So we are fairly at the benchmark in terms of quality as well as capability.

And in salt as well, in the last one year since we started and started optimizing and stabilizing our plant, I'm happy to share that we have reached the world benchmark in terms of quality. Today, our salt quality is comparable to anywhere in the world.

Ankur: Sure. And pricing, as you highlighted, will be, let's say, a premium to Chinese, but let's say, at par to the other global vendors?

Bir Kapoor: Of course yes.

Ankur: Is that a fair assumption?

Bir Kapoor: Yes, that's a fair assumption.

Moderator: We have our next question from the line of Dhruv Muchhal from HDFC AMC.

Dhruv Muchhal: Sir, on the R-22 price trend, so prices are positive, but any implication from the quota cut volumes or it's more than offset by the pricing benefit?

Bir Kapoor: Yes, Dhruv. I think, yes, it will offset. But at the same time, if I look at my entire segment, we will, of course, be adding R-32 as well. So if I look at it overall, refrigerant segment is expected to grow overall. In spite of the quota cut in R-22, the pricing will, of course, more than compensate for it. And in addition, as we'll be adding R-32, our overall refrigerant portfolio is expected to grow.

Dhruv Muchhal: And sir, on R-32, the time line remains by end of FY '26, is it?

Bir Kapoor: We are trying to see how we can expedite to come to the market. We are looking at various options, including retrofitting. And let's see. But we will -- our target is to bring the product by the second half of this year, this financial year.

Dhruv Muchhal: Okay. I mean, you're trying to prepone it further?

Bir Kapoor: Yes.

Dhruv Muchhal: Okay. Okay.

Bir Kapoor: Looking at the market opportunity, we are looking at how best we can prepone it and bring the product to the market.

Dhruv Muchhal: But sir, then is it fair to assume the full run rate volumes of 20,000, I think what you're planning, I'm not sure, 20,000, if it's the number, that happens from the end of FY '26? Or can it be also earlier? I mean the retrofitting can give you all the volumes or it will be gradual only?

Bir Kapoor: It, of course, depends on how market ramps up. But our target, of course, is FY 20,000 that we had indicated earlier, which will possibly be a combination of retrofitting as well as if we are not able to get that much volume, it will be the capacity capex additions. So it will be the combination of the two. However, the target is 20,000. That's -- we are holding on to that target.

Dhruv Muchhal: And sir, sorry, quick two questions is on power and fuel, sir, what would be the annual saving from power and fuel be with the captive plant? And just some breakup, if you can give of the CWIP that we have, it's about INR1,500 crores, INR1,600 crores as of March, a reasonably sizable number. So some sense of what this capex is relating to?

Bir Kapoor: Yes. Dhruv, I'm requesting Manoj Agrawal to. Please, Manoj.

Manoj Agrawal: Yes. So as we indicated earlier also, the total saving will be in the tune of INR120 crores to INR150 crores on an annualized basis, but that will trickle in partly this financial year and based on the -- as and when the facilities comes up.

Dhruv Muchhal: So because this quarter itself, we see a delta of about, if I'm not wrong, INR30-odd crores…

Manoj Agrawal: But that is on account of our shutdown, which has happened due to the incident, which has happened in the CMS-1 plant. So our CA and CMS was shut down for 15 days. That has credit because of that, not on account of savings.

Dhruv Muchhal: Okay. Got it. And sir, on the CWIP?

Manoj Agrawal: Pardon?

Dhruv Muchhal: The CWIP number, INR1,600 crores we have as of March, that pertains primarily for?

Bir Kapoor: I think as we talked about that some of the reasons, we expect that the working capital to normalize in terms of number of days…

Dhruv Muchhal: Sir, pertaining to the capital work in progress, the fixed assets that we have?

Manoj Agrawal: No, see, capital work in progress, that depends on all the projects whenever gets completed and commissioned and then capitalized in the books of accounts. So what management is more interested in giving you guidance on the cash flow perspective, how the capex will pan out in this next financial year and CWIP will take an accounting course.

Dhruv Muchhal: No, I'm wondering the INR1,600 crores is a large part, I'm not sure 60%, 70% of this relates to batteries or this has primarily some of the polymer businesses and batteries is coming up now? Just trying to understand...

Manoj Agrawal: It is the consolidated accounts, it consists of batteries also. Yes. It includes batteries business.

Dhruv Muchhal: Sir, some specifics would be helpful, but probably I'll take it off-line.

Moderator: We have our next question from the line of Alok, an Individual Investor.

Alok: Sir, I have two questions. The first one was coming to the overall EV market. Where is it that you see positive spots? Like if I were to compare Europe and US, where do you see more confidence from your customers? And how are you looking at these different export markets that you're targeting?

Bir Kapoor: Yes. I think we are looking at -- I think we have indicated a number of times that one of the markets that we are focusing on is US, where we expect to see very large growth much more than EU.

I'll anyway request Rajiv to add, Rajiv?

Rajiv Rao Yes. So this is Rajiv here. So our focus markets for our EV products are going to be US and India. In the US markets, it would be US companies as well as the Koreans and Japanese companies who have a significant play in the US markets. So while we look at going into the US markets, we are in touch with companies in US, Japan and Korea.

And also, the next market is the India market, which is just starting with a few cell OEMs getting ready to start their plants. So India is the second market that we are focusing on. So we have good confidence in both US and India markets at the moment.

And Europe is also starting off. We have been in touch with customers, validated some of our binders, also sampled our electrolyte salts. So that is also going on. So US, India, Europe, those are the three markets.

Bir Kapoor: But Europe has been slightly behind, Alok, compared to US and India.

Alok: Okay. Sir, and you don't see any particular major headwinds from the recent administration moves and policies?

Bir Kapoor: Not really. In fact, on the contrary, Alok, we see that as a positive because one of our premise is that we provide an alternate supply chain. And whatever that we are seeing, of course, it will take several months to fully stabilize and unfold what the tariff situation will be. But nevertheless, if I look at the differential, there will always be an advantage to -- from India side, okay, or supplier who's from India.

Alok: Okay. Sir, and lastly, I think you mentioned earlier in the call that you're expecting to deliver about INR2,000 crores EBITDA for FY '26. So did I hear that correctly?

Bir Kapoor: I don't think we said that. INR2,000 crores, but we expect, of course, but we have never given this number in the conference.

Alok: Okay. So I mean INR500 crores…

Bir Kapoor: What I have stated, let me repeat what I have stated is, we have stated that we expect to see a significant growth in our Fluoropolymer segment, which we expect to achieve almost 25% growth year-on-year or higher than that. And then we have also said growth will come in refrigerant section -- refrigerants, which will primarily because, of course, the new product being added. Okay? So this is what we have indicated.

Moderator: We have our next question from the line of Meet Vora from Emkay Global.

Meet Vora: First question was in terms of R-32 capacity. How much capex are we doing in Phase 1, that is 20,000 tons of R-32? And what amount of capex are we doing for putting HF for this R-32 capacity?

Bir Kapoor: Yes, Meet, in fact, in the last quarter call, we had indicated a capex of around INR150 crores, okay? So we are still holding on to that capex, and we'll see how it -- the capacity addition actually takes place with respect to how much we can add in our existing available capacities in the existing plants and how much we'll have to build up the new. But the capex number probably would remain within the number that we have indicated.

Meet Vora: Sir, does this include HF or this excludes HF? HF will be separate or...

Bir Kapoor: HF will be separate. This does not include HF.

Meet Vora: So sir, if you can give some sense on how much HF capex we are doing?

Bir Kapoor: HF capex is, I think we have not yet announced, okay? But I think HF is in the overall product capexes. But I don't think we have specifically announced the product-wise capex for HF.

Meet Vora: Okay. Because I was asking this question is because we are planning to spend around INR400 crores in FY '26 in the stand-alone business. So maybe like around INR200 crores, INR250 crores goes in R-32 and balance, INR100 crores, INR150 crores goes in the Fluoropolymers business.

So just wanted to understand if we are seeing very strong growth in Fluoropolymers business that is around 25%, 30% Y-o-Y. Why are we not putting more capex in the fluoropolymers business overall?

Bir Kapoor: Meet, I think the capexes that we have indicated right now, INR1,200 crores in EV and INR400 crores in our existing business. The HF part is not included in the INR400 crores of the -- in fact, I indicated some time back that INR400 crores will primarily be a refrigerant as well as the Fluoropolymers, okay? And HF also is required in large quantities for our EV materials business. So HF capacity addition will go into our -- the capexes that is shown for EV.

Meet Vora: Understood. And just on this again. So in terms of R-32 demand, how are we seeing this? So we have a contracted volumes committed to us because we are planning to prepone this commissioning and we are seeing strong demand side in this product. So if you can just give some sense how much R-32 are we expecting to sell in, say, '26, '27, some broad sense, broad ballpark number?

Bir Kapoor: Yes. I think we expect the demand to be strong. And we have been in this business for quite some time. So as -- so we do not have yet the contract parts. But however, as the capacity will come up, we will be looking at the global market for -- supply to global markets through our R-32.

Meet Vora: Okay. And in terms of -- we were evaluating retrofitting some plants. So this will be R-125, right? Or R-22?

Bir Kapoor: We cannot answer that question. It will be -- it's something which is sensitive to us, and we are looking at -- our intent is to bring the product to the market as fast as possible.

Meet Vora: Sure sir. Just one last bit on this EV side…

Moderator: Sorry to interrupt Mr. Meet. We will request you to rejoin the queue?

Meet Vora: Okay, sure.

Moderator: We have our next question from the line of Archit from Nuvama Institutional Equities.

Archit: I have a few questions. So firstly, on the LFP plant, I think what you mentioned in the introductory remarks was that we are expecting to commission the production next month. And I was wondering, given the current scenario of the gigawatt capacities that we have in India, we probably have 5-odd gigawatts with Ola. And as per your competitor mentioned that we're expecting 4 to 5 more capacities in the next calendar year, which is 2026.

So I was just trying to understand in the interim, have we had any firm orders with any of these customers or the existing one because we are commencing next month. I was just trying to get some cues from you about the ramp-up and the order book that if we have any and any customer profiling that you can give on this account?

Bir Kapoor: Yes. Thanks, Archit. First of all, the company that you mentioned is yet not into LFP. The LFP powder material is used for lithium cell with LFP chemistry. The battery plant, which has just started producing in India is in NMC chemistry, doesn't require it. So India LFP demand has still not picked up yet.

There are -- as I understand, there are no LFP battery manufacturing plant in India as of now. So our focus to begin with, is to market LFP outside India. And we have engaged with multiple customers. And they have also -- so what we are planning to do is to look at LFP to supply into global markets, okay? Indian market, of course, is also our focus, but it will take some time for Indian markets to come into -- or demand in India to come into play.

Archit: Right, sir. So out of the four parts that we have for the Battery Chemicals business, LFP, the salt, the electrolyte and the binder material, out of which LFP and LiPF6 salt at least for now seems to be an export opportunity because like I said before, for electrolytes, particularly, I think it will take some time. So for these two particular material, could you have some ballpark numbers for us in terms of modeling?

Sir, I'll repeat my question. Sir, I was saying out of the four materials that we have dedicated to the Battery Chemicals business, LFP, the cathode material, the salt, which is LiPF6 will at least be export-oriented opportunities in the beginning because electrolyte, I'm assuming that maybe by next year, we'll see some amount of sales happening there.

So for these two, which we probably might want to export, do we have any ballpark numbers for modeling as to how much revenue we can expect? Also an addendum to that, if you could also help us with the current dollar realizations of LFP, LiPF6 salt, the electrolyte and the binder material? That will be really helpful if you can give out that data.

Bir Kapoor: Thanks, Archit. Thanks for asking the question. Unfortunately, I'll not be able to share the pricing numbers or the volumes because one of the things that we have indicated earlier that as these capexes as we get commissioned, there will be a certain asset turnover, which gives overall revenue in terms of -- guidance in terms of overall revenue. For individual products to give us a pricing or the volume detail would be difficult as these are sensitive information and also some of them are the competitive confidential information for us.

Archit Joshi: Sure. Sir, the first part of the question on the export opportunity. Anything that you might want to share that? And also, if you could also just give us what would be your tax guidance for next year? And why was tax rate so much lower in this quarter? The depreciation also, if you could. That would be my last question.

Bir Kapoor: Yes. Thanks, Archit. So first of all, of course, these products would be primarily be catering to US market. We already have engaged both on LFP as well as LiPF6 with customers. And we have a firm almost indication in terms of their requirements. So while LiPF6, as I had indicated earlier, the qualification process is on. In LFP, as soon as our plant gets commissioned, we will be making the product as per the specification provided and send it for qualification. So that process will get started.

Coming back to your tax question, I have requested Manoj, please to answer that question.

Manoj Agrawal: Sanjesh, this is the one time, sorry, Archit, our tax is lower in this quarter because of onetime credit of reversal of deferred tax liability, which has happened essentially because in the books of accounts, when you -- any asset is there, you have to create a deferred tax liability at the rate of 25%.

However, when you do a sound sale of undertaking, it attracts a capital gain tax at the rate of 12.5%. So there is a delta of 25% and 12.5%, which has created a reversal of deferred tax liability to a tune of INR29 crores in this quarter.

Archit Joshi: On the tax guidance and on the depreciation also?

Manoj Agrawal: Remain same as previous quarters.

Nitin Agarwal: We have our last question from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I just had one question on the Specialty Chemical business. We have seen sharp uptick for the peers. We have also indicated that we may see good numbers in FY '26. I understand we have put around INR500 crores to INR600 crores of capex in this business. What is the revenue we are looking at from this business ramp-up? And how should we see specialty from here on?

Bir Kapoor: Yes, Sanjesh. As we have not made any new investments in this fluoro specialty business, okay? This has been what investment that we had made. The last investment was made almost 3 years back. And there, our focus right now in that business is to optimize our product mix, try to get the maximum out of that business.

So it's not really a business where we are putting in a lot of capexes, and we have said it openly. Now potential revenue that kind of capex that we have invested can generate is purely based on the asset turnover guidance that we had given earlier. So that's all I can say for fluoro specialty, Sanjesh.

Sanjesh Jain: But why haven't we seen any uptick this quarter when we have seen a good offtake for agrochemical where this capital...

Bir Kapoor: Yes, it's -- again, offtake means that it doesn't mean that our plants are not fully utilized. It also depends on the type of product mix one has, okay? So we have certain stable mix of products, which has been going on, and that is what is continuing.

Sanjesh Jain: And we should see a material impact on the...

Bir Kapoor: And there's some bit of growth, of course, but it's such a small portion, Sanjesh, of our overall portfolio that it will not be very much visible.

Moderator: Thank you. We'll take our last question from the line of Naushad Chaudhary from Aditya Birla Sun Life Insurance.

Naushad Chaudhary: A follow-up on Sanjesh's question. If you can share how much total capital so far we have deployed on specialty Fluoropolymer business?

Bir Kapoor: Naushad, you're asking about Fluoropolymers?

Naushad Chaudhary: Yes, Fluoropolymer, how much total capital so far cumulatively we have deployed here?

Bir Kapoor: Naushad, I don't have the figure offhand because this has been -- Fluoropolymer business has been around because we had invested almost since 2008 in this business. And it's -- I think we can take this question offline in terms of what is our current value of these investments. Okay?

Moderator: Ladies and gentlemen, that was the last question for today. And I now hand the conference over to the management for closing comments.

Bir Kapoor: Yes. Thank you so much, Nitin. And I would like to thank you all for your interest in GFL. I would like to reiterate that our growth story, which is driven by our current core business of Fluoropolymer continues. We expect to see growth in this coming year in FY '26.

I have already indicated a number that we expect to see almost 25% growth, primarily driven by new Fluoropolymers where we had invested, we have capacities and now we'll probably see the growth coming in.

The other areas and very strong pillar for us is Battery Chemicals and the battery materials. We are reaching a level of maturity where we have all the plants now in this year we'll be at commercial scale.

And the samples produced from these plants are at advanced stage of qualifications, which is one of the criteria which is required for battery materials, where the product from the final plant goes for qualifications. So we are at that last stage. So we expect this business also to kick off. And as the market grows in FY '27 and FY '28, we expect this business to be a very strong growth story for GFL.

So with this, I would like to thank you all for your interest. And we look forward to a very strong FY '26 going forward. Thank you.

Nitin Agarwal: Thank you, sir. On behalf of DAM Capital Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Bir Kapoor: Thank you.