

GFCL: BRD: 2025

14th November, 2025

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

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

Scrip Code: 542812

Symbol: FLUOROCHEM

Dear Sir/Madam,

Sub: Transcript of conference call with Investors/Analysts held on 11th November, 2025

Ref.: Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

This is further to our letter dated 6th November, 2025 and pursuant to Regulation 30(6) read with sub-para 15 of Para A of Part A of Schedule III 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 11th November, 2025 at 17:00 Hrs. to discuss the Q2FY26 Financial performance.

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 Desai
Company Secretary
FCS 7952

Encl.: As above



“Gujarat Fluorochemicals Limited Q2 FY '26 Earnings Conference Call”

November 11, 2025



MANAGEMENT: **DR. BIR KAPOOR – CHIEF EXECUTIVE OFFICER AND
DEPUTY MANAGING DIRECTOR, GUJARAT
FLUOROchemicals LIMITED**
**MR. AKHIL JINDAL – GROUP CHIEF FINANCIAL
OFFICER, GUJARAT FLUOROchemicals LIMITED**
**MR. MANOJ AGARWAL – CHIEF FINANCIAL OFFICER,
GUJARAT FLUOROchemicals LIMITED**
**MR. RAJIV RAO – BUSINESS HEAD, BATTERY
MATERIALS, GUJARAT FLUOROchemicals LIMITED**

MODERATOR: **MR. ROHIT NAGRAJ – BATLIVALA & KARANI
SECURITIES INDIA PRIVATE LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to Gujarat Fluorochemicals Limited 2Q FY '26 Conference Call hosted by B&K Securities.

As a reminder, all participant line 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. Rohit Nagraj from B&K Securities. Thank you and over to you, sir.

Rohit Nagraj:

Thank you. We thank the management of Gujarat Fluorochemicals Limited for providing us the opportunity to host the 2Q FY '26 Post Results Conference Call.

Today, from the management, we have with us Dr. Bir Kapoor - the CEO and Deputy Managing Director of Gujarat Fluorochemicals and along with him, the senior members of the management team.

Without taking further time, I would like to hand over the call to Dr. Bir Kapoor for his initial remarks, post which we can proceed to Q&A session. Thanks and over to you, sir.

Bir Kapoor:

Thank you, Rohit. Good afternoon, everyone and a very warm welcome to all of you for GFL's Quarter 2 FY '26 Earnings Call. For this call, I have with me my colleagues, Mr. Akhil Jindal, who is Group CFO; Mr. Manoj Agarwal, who is CFO of GFL and I also have with me Mr. Rajiv Rao, who is the Business Head of Battery Materials.

The company announced its Quarter 2 FY '26 Results at its board meeting held today. The Results, along with Earning Presentations are already available on the Stock Exchange and on our website.

I will briefly highlight the key financials and then give you an update on business operations and outlook. I am pleased to share that we delivered a resilient performance amidst significant global challenges in Quarter 2 FY '26, reflecting the inherent strength of our business.

Revenue for the chemical segment for the quarter stood at Rs. 1,210 crores, increased by 2% on year-on-year basis. The uncertainty emanating from the tariff imposed by US impacted sales during the quarter, which we expect to see easing off going forward. EBITDA grew by 26% to Rs. 381 crores in Quarter 2 FY '26 from Rs. 302 in Quarter 2 FY '25. And EBITDA margins stood at 32%, standing by 608 basis points on year-on-year basis. This improvement was driven by a better product mix and continued cost optimizations. Our EBITDA margins should further improve from the current levels on a long-term basis. The chemical segment reported a PAT of Rs. 198 crores, reflecting a 51% growth on a year-on-year basis. In our EV materials business, expenses, interest, and depreciation are being incurred, while revenue is expected to start flowing in from Q4 of this financial year. This will begin contributing to both the topline as well as the bottom-line, improving the margins and profitability at consolidated levels.

Let me now walk you through the performance of each business segment for the quarter:

The Fluoropolymer segment revenue was up by 8% on year-on-year basis. However, it declined by 4% on quarter-on-quarter basis. This was impacted due to imposition of higher US tariffs. However, I believe that the second half of the year, especially Q4 and onwards, should witness significant pickup in sales.

In our Fluorochemical business, the revenue declined by 15% on year-on-year, mainly on account of reduction in sales of R-22 due to quota reduction and seasonality. Further, R125 sales also got impacted due to market conditions and US tariffs. The speciality chemical segment remained stable during the quarter and is expected to see steady improvement going forward.

Our bulk chemical segments saw increase in revenue, mainly due to higher prices of Chloromethanes, while the quarter-on-quarter growth was supported by both price and volume increase in Chloromethanes. In our Battery Material business, LiPF₆ prices have significantly moved upwards from around US \$10 per kg to US \$17 per kg, leading to a positive impact on our business outlook. We remain uniquely positioned as one of the only non-China integrated LiPF₆ producers and are further expanding our capacities to capitalize on this opportunity.

Our LFP CAM facility in India has been successfully commissioned and post-stabilization, we will begin sending samples for customer approvals from the commercial plant. The qualification process for our binders is progressing well, with commercial sales is expected to commence in the second half of Calendar Year 26. In Electrolyte, we are actively engaging with emerging cell manufacturers across EV and BESS applications, supporting evaluations and qualifications through customized samples from our commercial plant.

At GFCL EV, we are strategically positioned to emerge as a global leader in the Battery Material space. With our established capacities, ongoing qualifications, and early customer approvals, we have built a strong platform for growth. This marks a defining phase for our Battery Material business, and we remain confident in our ability to capitalize on the expanding global opportunity. The Battery Material segment is very promising, given the recent surge in demand for EV, which only augments the demand from the EV space. Many growth drivers, the likes of data centers, AI, transition to renewable power are driving the demand many-fold for the best business in the coming years. Overall, we are well placed to capture growth across our business segments, largely driven by the surge in demand for Fluoropolymers, Battery Materials, and R32. We remain confident of delivering sustained growth and creating long-term value for our stakeholders.

Thank you, and I now open the floor for questions.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question comes from the line of Sanjesh Jain from ICICI Securities. Please go ahead, sir.

Sanjesh Jain:

Yes, good evening, sir. Thanks for taking my question. A few of them. First, in the Fluoropolymer business in India, now that there is an ADD on PTFE, how do you see competitive landscapes in India? There is another company who has come in domestically. In that background, how do you see domestic business shaping up from here, and should that help in the second half of this year in terms of scaling up the Fluoropolymer business?

Bir Kapoor:

Do you want me to answer, or you said you have several questions you want? Shall I?

Sanjesh Jain:

Well, I will ask one by one.

Bir Kapoor:

Thanks, Sanjesh. Now, in Fluoropolymers, the anti-dumping duty has been recommended by DGTR. We expect it to be implemented. And that should have a positive impact on the business. And we are very well positioned to capture it, because we have a very wide range of grades and PTFE. And we expect to see a positive impact of it. As far as competition is concerned, I think, should not have much impact because of our large product portfolio in PTFE as well as the experience in the products that we have.

Sanjesh Jain:

So, just one add on to this if India import was close to 7000 metric tons of PTFE annually done, how much of that are say in FY '27 assuming that there is an intervention of ADD as notified?

Bir Kapoor:

Sanjesh, we are quite positive about capturing a very large fraction of this because, because of the imports are expected to go down. And we expect to capture a very large percentage of that, I would say upward of 50%-60%.

Sanjesh Jain:

Do we have such spare capacity to cater to the growing demand in the Western market and the domestic demand?

Bir Kapoor:

Yes, we do have in PTFE, because we have been, as I said earlier also many times that we have a large capacity available in monomers. And in recent times, we are adding capacity on the polymer side as well. So, I think we are well positioned to capture it.

Sanjesh Jain:

Got it. Another question on the Fluoropolymer. Given the first half performance, which appears to be much slower recovery than probably what we thought at the start, will it still hold on to the 75% for Fluoropolymer for FY '26?

Bir Kapoor:

We had guided earlier on 25%. So, of course, there was a little bit of ripple, I would say, because of the global situation, particularly the tariff situations in US. However, if adjusting for that tariff part, I think if I look at the rest of our product portfolio, I think we are geared toward achieving the 25%. And going forward, we have been trying to focus on multiple markets and trying to readjust to this reality of tariff. See, one other thing that has happened, Sanjesh, is that because of the tariff, a lot of decisions have been kept on hold because a lot of customers were expecting this to be reverted. So, they actually put their buying decisions on hold. A lot of it has to be expected to streamline going forward. So, a few things. First, from our side, we look at alternate markets and try to grow there. Second is that if there are indications that this tariff may go away,

then that should give us the further tailwind in terms of going and seeking the target that we have been talking about.

Sanjesh Jain:

If tariff stays, then for new Fluoropolymers, US will be the market?

Bir Kapoor:

See, if the tariff stays, then obviously, in US, PTFE is exempted. You know that. And the new Fluoropolymer is the one which is impacted. But we would adjust partly to focus into other markets to grow. And we also believe that some of the decisions of our customer, which has been put on abeyance for now, will probably come into play.

Sanjesh Jain:

Question one on R32. One, what is the overall take on safety. We have seen this incident happening quite frequently, which is hampering business confidence, even customer confidence have taken up. With that intact, and R32, how we see that? Because I think with all of this, the chart has slowed down. So, what is our plan on R32? We were looking at 20,000 metric tons by December. And a separate question is on the margin, what has given such a sharp improvement in gross margin? So, it went up from 67-72. What explains such a sharp improvement in the margin?

Bir Kapoor:

Let me first answer the R32 question. The incident, of course, Sanjesh, is an unfortunate incident, which happened. Now, it doesn't change our plan. Yes, we are trying to learn from it, trying to strengthen our safety processes, safety systems. And as far as 20,000 ton target is concerned, we had indicated that target by the end of this financial year, which is March. So, we will achieve there. So, right now, we are strengthening our plant system. We started at a very low capacity. So, we are now looking at augmenting that capacity, strengthening the safety system, and coming back now at the target capacity that we had planned. So, the plan of R32 still remains intact. There has not been any change in that. Coming back to the margin improvements, we always guided that we will probably be in the range of 30% or on the north of it. This time, there are multiple reasons, of course, because of the product mix. As we are going up in the value chain, value-added product mix is improving our margin. There has also been impact of the cost control, which is driven by multiple factors, including the power cost that also we had indicated that we are moving toward renewable. And we will see more of it as we go along in the next few quarters. And finally, there has been some lift because of the currency, which we also expect to continue. So, this margin improvement, we see and we expect it to be sustainable going forward.

Sanjesh Jain:

Very clear, sir. Thanks for answering all those questions. Best of luck for the coming quarters.

Bir Kapoor:

Thanks, Sanjesh. Thanks for your interest. Thank you.

Moderator:

Thank you, sir. Our next question comes from the line of Ankur from Axis Bank. Please go ahead.

Ankur:

Yes. Hi, sir. Thanks for the opportunity. Continuing on the tariff side, so just trying to understand the ongoing situation better. So, while the earlier tariff, as I understand, was largely passed

through to the customers, how much of the revised, the incremental tariff has been passed on? Is it 100% or we have also absorbed some bit of it?

Bir Kapoor:

So, Ankur, there are two things. First is when we talked last time in the last concall, that time 25% had happened. And it was a combination of pass-through plus. In some cases, we adjusted ourselves also. Now, the second one, the discussions are all on. However, one of the things which is very different in the second one is that it has impacted, there is a ripple effect, because it is not only in India, it is on multiple countries, different kind of tariffs. So, because of that, there has been some sort of readjustments in terms of our customer supply chain as well. So, because of that, there has been a delay in decision making. Now, going forward, we expect this to get adjusted. In some cases, some part will be absorbed by the customer and some we will have to absorb. So, we are trying to find a new datum as we go along. But it is a very large jump in tariff, obviously. And no one is prepared. But nevertheless, going forward, we expect some adjustments to happen in US market with our customers. And in some cases, as I said earlier, that we look at focusing and developing some of the other markets where we can capitalize on opportunities. So, global level, there is going to be some readjustments as it will happen. Again, this is primarily in context of new Fluoropolymers, of course, because PTFE is not really impacted by this.

Ankur:

Yes. Correct. Fair enough. Just trying to understand, pre-tariff, will it be fair to say that US will be making better margins in US than, let us say, rest of the world within exports?

Bir Kapoor:

Pre-tariff, yes, I think so. I think pre-tariff, yes, because US market, of course, is a good value, high value market for us.

Ankur:

Sure. And now in the current scenario, which other markets are we focusing upon in terms of selling our products alternatively to those markets?

Bir Kapoor:

There are multiple opportunities because as I have said earlier, some of the new Fluoropolymers are in the space like Semicon applications. And in case of there is an opportunity available in Japan, in Russia, and some parts of Europe. I am sorry, not Russia, Japan and Korea.

Ankur:

Sure. No worries. Fair enough. And second thing, on the LiPF pricing, which you alluded towards, \$10 per kg increasing to around \$17. Any thoughts there in terms of, let us say, any foreign contracts that we have with us in terms of the supplies for LiPF6? And at what pricing are we getting them incrementally?

Bir Kapoor:

Yes, Ankur, it will be difficult for me to talk about the contracts, the pricing. But let me tell you the context why this is such. So, far, we have positioned ourselves as an alternate supply chain, and also de-linking to some extent from the price which is prevailing in China. However, if the Chinese price itself goes up, as what we said earlier, then our overall target markets and the opportunity become very big for us. And particularly, let us take an example of Indian customers, who always have an opportunity to import from China and that option is available for them. So, in that context, now, the price in China has gone up, then obviously, they are better off procuring

it from a domestic supplier. So, that opportunity opens up. Otherwise, buying from an alternate source, always a strategic decision in view of these pricing, it is not only strategic, but it is also an economic decision. So, that I think, it gives a certain lift and creates a much larger opportunity for LiPF₆. Now, coming back to the contracts, we have discussion going on with a very large number of customers globally. We have certain agreements in place, but right now, it is going through the qualification process, which takes some time. And as I said earlier, that we have reached the benchmark quality. And now, the sample from the commercial plant is being tested by our customers. And we expect the sales to commence very soon now.

Ankur: Sure, Mr. Kapoor. And just one follow-up here, from a timeline perspective, by when should we see, let us say, the first commercial sale happening here? And just next to it is, like, which geography is probably. I am sure we will be looking at multiple markets, but probably which one or two geographies will be the bigger ones from your addressable target markets?

Bir Kapoor: It should happen in next few months and go as early as that, because we very close. And in terms of geographies, there are not that many places which manufacture battery. Of course, geographies are going to be mostly non-China. That is all I can say right now.

Ankur: Sure, sir. No worries. Thank you and all the best.

Moderator: Thank you, sir. Next question comes from the line of Archit Joshi from Nuvama Wealth Management Limited. Please go ahead, sir.

Archit Joshi: Hi, good evening, sir, and thanks for the opportunity. First question on the battery side of the business, given that all 3 growth engines within the EV product space are near to commissioning or, let us say, commissioned, and we might have all 3 lines open for doing business, let us say, in the second half fully of the next calendar year. Any number that we might be working with here as to what we might achieve in FY '27 in revenue terms?

Bir Kapoor: At this point of time, I think we had given a very broad number earlier, Archit, if you remember, primarily based on asset turnover and investments. It would be very difficult for me to give a very specific number, as it is a business which is at a developing stage. This is a new business with a very high potential. It is a great opportunity, and there will be some time to build up this business, but at the end, we expect this to be at a full-blown, the number that I had indicated earlier, with the asset turnover of close to 2 plus, with the healthy margins. But let me tell you that now what we have achieved is very unique. We have commercial plant now in LiPF₆. Our commercial plant now is an operating LFP. I think it is the first LFP plant in India, and it is the first commercial plant which is, in a way, outside China, which is operated by a non-Chinese entity. So, I think that is and also our electrolyte plant is now in operation. So, now the process is to develop samples, which are commercial samples, and go through the qualifications. Unfortunately, in Battery Material business, the qualification takes time, because there are a number of steps. And also, apart from the qualification, it is not only on the product, but also on our audits, on our manufacturing capability, our quality control test, etc. So, it is an elaborate process that we have to go through.

- Archit Joshi:** Understood, sir. Sir, getting a little more nuanced, given that we have seen some delays in battery manufacturers in India, we have seen some delays in their ramp-up of gigawatt factories, are we targeting more export markets in the beginning? Would it be fair to assume that our business mix will be oriented slightly more on the export side to begin with?
- Bir Kapoor:** I will let Mr. Rajiv Rao answer that. Rajiv, please go ahead.
- Rajiv Rao:** Yes. So, we are looking at global markets outside of China. So, our initial business would be focusing on export markets for our products. And as the cell factories in India are kicking in the next calendar year, then slowly the Indian part of business will start increasing as a percentage of our overall sales.
- Bir Kapoor:** And that was, Archit, always our plan. When we started this business, we knew that the Indian demand would take some time to develop. So, that is why our focus primarily was export market. And we have tremendous experience and expertise in handling export market through our experience in Fluoropolymers. So, we started, that has been the plan. And that is what we are following up at the moment.
- Archit Joshi:** Sure, sir. A bit more on the CAPEX front, if I may. I think we have done Rs. 575 crores last year. This year, it is projected to be Rs. 1,200 crores in EV. One is how much would have we done in the first half? And any number for FY '27 within EV in terms of CAPEX? And where would it flow into in which of the 3 areas that you would target doing the CAPEX in FY '27? Thank you.
- Bir Kapoor:** See, the CAPEX that we had planned on EV, I think is progressing well. And we will give you a better estimate probably the end of next quarter. But the focus, of course, has been primarily on the cathode and the salt side, because those are capital intensive. And that is what our focus area is to expand on those product lines.
- Archit Joshi:** Sir, on FY '27, would we have a ballpark number to work with?
- Bir Kapoor:** We have not given that guidance yet, but it will be probably be higher than 1200, maybe more like 1500, approximately. Because what we had indicated earlier, Archit, is that we will be doing close to Rs. 6,000 crores of CAPEX in 4-5 years.
- Archit Joshi:** Right, of course.
- Bir Kapoor:** So, we will follow up that plan. So, next year would probably be almost close to Rs. 1,500 crore, maybe higher. We will give you a better indication probably in our next call.
- Archit Joshi:** Sure, thanks. I will come back in the queue for more questions.
- Moderator:** Thank you, sir. Our next question comes from the line of Dhavan Shah from Alfaccurate Advisors. Please go ahead.

Dhavan Shah:

Yes, thanks for the opportunity, sir. So, my question is on the gross margin side for this standalone business. If I look at the quarter-on-quarter revenue, I think there has been a decline for both Fluoropolymers and Chemical segments. And also you mentioned that during the quarter, I think you supplied the new Fluoropolymers for the Semicon. So, is it fair to assume that because of that changes in the product mix, we have seen the gross margin improvement on the quarter-on-quarter basis?

Bir Kapoor:

Yes, Dhavan, it is one of the reasons. We already stated that earlier that there are multiple factors which is driving it. One, of course, was the product mix, the higher value product that as it becomes part of our product mix, it leads to better margin. And of course, there has been an improvement on the cost side as well, primarily driven by the cost of power. So, value added product, yes, that has always been and we stated in previous calls as well, that our approach has been to slowly increase or improve our product portfolio for high value added products and then improve the margin. And this journey we expect to continue.

Dhavan Shah:

Understood. So, this is the minimum gross margin we can expect in the next few quarters, at least because the scale would also be improved for the new Fluoropolymers and then your additional 10,000 tons of R32 can also come on stream. So, is it fair to assume that the Q2 gross margin is the minimum that you can maintain for the next few quarters?

Bir Kapoor:

Yes. I think it will be better than what we have and I would expect it to grow further, yes.

Dhavan Shah:

Understood. And what is the status of the 10,000 tons of R32 right now after the fire? Is it more or less on stream and by when are you going to start the production?

Bir Kapoor:

We said that it is going to be 20,000 tons because that was our target by the end of this financial year. And we are on target. And because of the incident, yes, it gives us an opportunity to revisit and strengthen our plan from the safety side. And it also gave us an opportunity to augment our capacity and wherever we thought there is work required to reach to the 20,000 tons, we have done that. We expect the plant to start probably by the end of this month.

Dhavan Shah:

Sure, sir. And the last one is on the battery CAPEX. You mentioned that maybe next year, we can do roughly Rs. 1,500 odd crore of the CAPEX that is at the minimum site. But what are the funding plans over there? How are we going to fund and by when can we see another round of funding?

Bir Kapoor:

Yes, I will request Akhil to take this.

Akhil Jindal:

So, we are fully funded up till now for the CAPEX that we have incurred. In fact, we have almost another Rs. 200 crores of term loan that is yet to be drawn. And all the figures are as on 1st of October. So, that is being utilized for the further funding. Thus, we are expecting to close some of the sovereign fund that we discussed with you last time. So, we are fully funded for another up to \$125 million, which would be incurred over next, say, 6-9 months, perhaps a year. So, we

will be raising money as and when we need, rather than just keeping the money and putting it into treasury. So, that way, I guess, the funding will follow the CAPEX need of the company.

Dhavan Shah:

Understood, sir. And will there be any dilution, equity dilution in the battery business going forth?

Akhil Jindal:

At this juncture, there won't be any dilution. But of course, as and when the funding is done, that time we will come back to you in terms of the exact proportions and ratios. Most of them are convertible instruments, so that we would not see any dilution happening now. But perhaps, just before the IPO, or at the time of the IPO, there would be some dilution. But we will give you the details as and when the fundings are frozen and that documents are signed accordingly.

Dhavan Shah:

Sure, sir. Yes. That is all from my side. Thank you, sir.

Bir Kapoor:

Thanks, Dhavan. Thank you.

Moderator:

Thank you, sir. Our next question comes from the line of Krishan Parwani from JM Financial. Please go ahead.

Krishan Parwani:

Yes. Hi, sir. Thanks for the opportunity. Two questions from my side. First, on the battery chemicals business. So, do you expect EBIT break-even in FY '27? And if not in FY '27, then by when?

Bir Kapoor:

Yes, I think we expect it to happen in FY '27. We should be able to reach that break-even point, yes.

Krishan Parwani:

On EBIT, not on EBITDA, correct?

Bir Kapoor:

Yes.

Krishan Parwani:

Great. And second, on the ref gas, do you intend to increase your R32 capacity beyond 20 KTPA that you have already announced to utilize your R22 quota entitlement?

Bir Kapoor:

Yes, our plan is to maximize and take up to the level of our entitlement, the 30,000 tons.

Krishan Parwani:

And by when can we expect that?

Bir Kapoor:

I think we will take that call probably a quarter from now once we stabilize and commission our 20,000 tons.

Krishan Parwani:

And that 20,000 tons stabilization should happen by 4Q of FY '26, is that correct?

Bir Kapoor:

It is end of this financial year, the next 4 months.

- Krishan Parwani:** Yes, and just a clarification on that, or rather a comment, if you can. What sort of utilization level do you see for this 20,000 tons planned in FY '27?
- Bir Kapoor:** We expect it to be quite high because there is a demand supply gap in R32, and we expect the market for R32 to remain quite healthy. So, we expect that to continue, yes.
- Krishan Parwani:** Thank you so much, sir. I wish you all the best. Thank you.
- Bir Kapoor:** Thank you, Krishan. Thank you.
- Moderator:** Thank you, sir. Our next question comes from the line of Ketan Gandhi from Gandhi Securities and Investment Private Limited. Please go ahead.
- Ketan Gandhi:** Hi, sir. Sir, any reason for LiPF₆ price going almost doubling in last 3 months because corresponding price of the Lithium Carbonate has not gone up that significantly, it has gone by 10% only? Is it because of the Anti-involution or demand supply gap or what else? Can you throw some light? Any, your thought will be helpful?
- Bir Kapoor:** See, the pricing, of course, depends on the demand supply. While there could be multiple reasons, but what we see, one of the potential reasons can be, on the demand side, there is a demand for BESS, which is going up, which is for the ESS application. And I think that is going up. And what we also understand that some of the plants who have been operating at, they were not really economically viable have closed down. So, I think combination of these two have led to, that is what our assessment at this point.
- Ketan Gandhi:** So, in your understanding, it could be the new normal, the pricing of between \$15 and \$20?
- Bir Kapoor:** Yes. In fact, if you look at it last several years, the prices were always high and it just came down in last maybe 18 months or so, it has been on the lower side. So, we expect because the prices that were there earlier of \$8 or \$9 or \$10 were truly not sustainable for the industry to grow. So, these prices where they are right now, we think probably is more sustainable in terms of a long term growth of this industry.
- Ketan Gandhi:** I will put it something else. Is this price can give us the desired margin, which we are expecting around this level?
- Bir Kapoor:** It is hard for me to say. Now, you are trying to extract my pricing from me. All I can say is that it will definitely be a good margin. And obviously, when we do our pricing, we make sure that since we are building a business, we would like to make sure that our price points are sustainable for long term growth. And the pricing where they are I think is probably approaching that.
- Ketan Gandhi:** All right. Thank you so much and all the best.
- Bir Kapoor:** Thank you.

- Moderator:** Thank you. Our next question comes from the line of Arun Prasath from Avendus Spark. Please go ahead.
- Arun Prasath:** Thanks for the opportunity and good evening, everyone. So, my first question is on the battery business again. So, we spoke about, we will be initially focusing on the export markets till the domestic market develops. So, this is only pertaining to the salt business or for our LFP cathode as well?
- Bir Kapoor:** It is for all businesses except electrolyte. We have currently 4 streams of product. One is salt, Binders, CAM, which is cathode active materials and Electrolyte. So, electrolyte is mostly for Indian domestic market. All other 3, we are focusing on the growth on the global markets. We are targeting global markets, the 3 products.
- Arun Prasath:** Because one would assume non-China, the US is the biggest market for these components. And will US manufacturers will be eligible for 45x credit even if they buy CAM from outside US?
- Bir Kapoor:** Yes, as long as they are complying to this new bill, which is called O3B, or the Big Beautiful Bill once and we comply to that. So, our customers, we believe, would be eligible for that in US.
- Arun Prasath:** Can you explain what do you mean by B complying to that bill? What are the conditions or preconditions for those compliance?
- Bir Kapoor:** One of the big conditions there is that the manufacturer should not be the entity, which is the prohibited foreign entity, that is called PFE, or have any influence of PFE. And the PFE has been defined as a producer from 4 countries, and they are already named those 4 countries. India is not part of that. And so, I think we are clearly a non-PFE, or a company which is not even influenced by, so either specified foreign entities or prohibited foreign entities. So, we are neither of the two. So, we qualify with respect to that.
- Arun Prasath:** But before the Trump administration came, there were several CAM manufacturers were trying to put a plant in US. So, should we be able to compete against those local manufacturers as well?
- Bir Kapoor:** Sure and Rajiv?
- Rajiv Rao:** Yes. So, the CAPEX efficiency that we would have for an LFP CAM plant in India would be superior to ones that could possibly come up in the US. So, therefore, our ability to compete with any potential suppliers of LFP CAM coming up in the US, we will be very much well positioned in that aspect. We are confident on that.
- Bir Kapoor:** Does it answer your question, Arun?
- Arun Prasath:** Yes. I will come back later. A few more questions, but I will come back later.
- Bir Kapoor:** Thank you. You can always contact our IR team, Arun, if you are not able to come back today. Thanks.

- Moderator:** Thank you, sir. Our next question comes from the line of Darshita Shah from DSP Mutual Fund. Please go ahead.
- Darshita Shah:** Yes. Good evening, team. My first question.
- Bir Kapoor:** Could you speak up please, Darshita?
- Darshita Shah:** Is it better now?
- Bir Kapoor:** Yes, it is better. Please.
- Darshita Shah:** My first question or actually a clarification was regarding the CAPEX for the battery chemical business. The Rs. 1,200 crores CAPEX is on track for FY '26. And then you said that Rs. 1,500 crore or more than that will happen in FY '27, right?
- Bir Kapoor:** Right.
- Darshita Shah:** Got it. Second, on the working capital days, we have seen a significant increase in our working capital days over the past few years, 120 days in FY '22 to almost 182 now. What is the reason behind that one? And two, by when do we see this settling back to that 120 days level?
- Bir Kapoor:** Yes, I will request Manoj to take up that.
- Manoj Agrawal:** So, the increase in the working capital cycle is essentially on account of your building various because you have taken a long backdated numbers. So, 120-180 days has essentially happened because we have developed our new Fluoropolymer business. The inventories, we stock at USA and GMBH, Germany and USA and sell from there. So, that has increased the inventories. Secondly, the EV business also, we are continuously manufacturing and sending the samples for the approvals. That has also increased the numbers. 120 days is something which is an ideal number we wanted to be there, but it will take some time once the operation starts for all the EV business as well as the new Fluoropolymer business to the full volumes at the full capacity.
- Bir Kapoor:** See, with the focus and large part of our business is export market, Darshita and because of the business model that we are following where we are maintaining our depots there or to store material and supply on demand. Because of our business model, this number appears to be higher for us than maybe some other companies who operate in chemical space.
- Darshita Shah:** Got it. So, at least for the Fluoropolymer business, maybe this will sustain for some time, I am guessing, given that this is the business model?
- Bir Kapoor:** Yes. And it also depends, Darshita, that as domestic market develops, for example, then we would see this number coming down. Or when we have a larger chunk of our product mix changing, for example, when the more battery materials coming in. So, it depends on the type of business and the model that we have at the moment. But from our side, of course, our effort has always been to bring it down. And we had brought it down. In fact, March, we had a very

low number of days, and it has come down. And now it has gone up in the recent time. And a lot of it has to depend. The recent increase that we see, or 7 or 8 days has a lot to do with, because there have been, because of tariff, some of the decisions of the customer put on abeyance. Because of that, the inventories have gone up.

Darshita Shah:

Got it. And given that initially we will be looking at export market for the battery chemical business, would the working capital day be in line with what we are seeing for the Fluoropolymer business, or will it be better? Any sense on that?

Bir Kapoor:

I expect it to be better, Darshita, because part of it is that battery chemicals, the battery material business, is normally on the long-term contract business, where the material is supplied in, at least the term that we are talking about with a lot of our customers is FOB. So, there we will probably not be following a similar model like Fluoropolymers, where we maintain a stock in our regions, whether it is Europe or North America.

Darshita Shah:

Got it. And one last question on any incremental volume growth that we are seeing because of the legacy player exiting in the US market? Have you seen the inventory that was existing of the legacy player kind of dwindling down now, or is it the same as it used to be?

Bir Kapoor:

See, the growth that we have always been talking about, Darshita, is accounts for exit of these legacy players, and that was one of the basis of which we have been projecting 25% growth in our Fluoropolymer business, and that is still continuing because that legacy player that we talked about last, earlier stock is coming down, and it is leading to impact on some of our new Fluoropolymer business, yes.

Darshita Shah:

And just one last question on the CAPEX for the Fluoropolymer business. Any guidance for FY '27?

Bir Kapoor:

I think we can give that guidance probably in the next call, but after the 3 quarters for the next year. Right now, we are just in the middle executing what we have planned for this year in GFL.

Darshita Shah:

Got it. Thanks. That is all. Thank you.

Bir Kapoor:

Thank you.

Moderator:

Thank you. Our next question comes from the line of Archit Joshi from Nuvama Wealth Management Limited. Please go ahead, sir.

Archit Joshi:

Hi, sir. Thanks a lot for the follow-up. I just have one question, slightly technical. The Phosphoric Acid requirement that we have for LFP or maybe even for LiPF₆, is that fertilizer grade or is there a very high-quality Phosphoric Acid requirement, and what are the sources if you can help with regards to P₂O₅? Thank you.

Bir Kapoor:

Thanks, Archit. First of all, as far as LFP is concerned, we are not yet making FP, which is Iron Phosphate. We are importing Iron Phosphate, although we have a plan in the long run once we

reach the critical volume is to do backward integration. And the FP required there is not fertilizer grade. It is battery grade Phosphoric Acid. Now, in LiPF₆, we don't use Phosphoric Acid. There, what is used is PCl₅, which has a different route altogether.

Archit Joshi:

Sure, sir. I was also asking this, given that China is the largest producer of Phosphoric Acid, and it comes as a part of the foreign entity of concern, does our supply chain by any chance get affected because of that, or if we, let us say, continue to import any raw material for that matter required for battery chemicals from these 4 countries, does that come in the way of our compliance with the US being a bigger market?

Bir Kapoor:

As far as the North American market is concerned, and if you are talking about the new bill, the issue there is primarily related to control. As long as there are suppliers who are available from outside, and as long as there is no control from any prohibited foreign entity on our supply, there is a compliance, first point. The second point is, there is, of course, another condition, which is based on the material value added that how much percentage is coming from specified foreign entities of the PFE. So, it is a complex value-added calculation which is done. So, at the moment, of course, as far as Phosphoric Acid is concerned, there are multiple sources which is available outside China. That is not a problem.

Archit Joshi:

Sir, even for battery grade outside of China?

Bir Kapoor:

No. Normally what is typically done is that Phosphoric Acid is taken and then it is purified to battery grade.

Archit Joshi:

That we do in India, the purification process?

Bir Kapoor:

Possible to do whenever we set up our plant, of course, we will have to do that.

Archit Joshi:

Got it. And sir, are the Iron Phosphates, where do we source it from, or that is also not a concern with regards to availability per se?

Bir Kapoor:

Right now, of course, the source of Iron Phosphate at the moment is China. There are, in fact, as far as we know, there are not large capacities outside China at the moment for FP. And so is there not large capacity of LFP also outside China, outside the Chinese companies. So, I think it will develop, and as we reach a critical capacity, I think we will look into developing. There are some other players who are planning to come on FP. So, it will evolve over a period of time, Archit. It is a very early stage. And some of these FP plants may not be economically viable at the volumes that we have at this early stage.

Archit Joshi:

So, sir, simply speaking, right now, us importing Iron Phosphate from China would not come in the way of the compliance that you would require?

Bir Kapoor:

Not really, not at least for next few years. Because this bill that we are talking about, the condition becomes more stringent progressively, in terms of the value-add terms. So, initially, it is 60%, and then finally, after 4 years or so, it goes down to 85%. So, this becomes more critical.

So, the leeway to import or add Chinese material becomes less and less progressively. So, it is possible right now, but a few years from now, it will be difficult to do that. As of now, we would comply. That is the simple answer.

Archit Joshi: Got it. Sir, that was really helpful. Thanks a lot for answering all of them, and all the best for the future. Thank you.

Bir Kapoor: Thanks a lot, Archit.

Moderator: Thank you. Our next question comes from the line of Mr. Rohit Nagraj from B&K Securities. Please go ahead, sir.

Rohit Nagraj: Thanks for the opportunity. Sir, two questions. One is on the battery chemical side. So, given that progressively, the plants are coming to fruition commissioning, as well as the validation is going on, and FY '27 also, there will be a few projects which will get commissioned. Would FY '28 be a remarkably scale-up year from the revenue perspective of the entire battery chemicals business? Just a broader thought. I don't want to get into number-specific, but your perspective on the same? Thank you.

Bir Kapoor: Yes, you are absolutely right, Rohit. In fact, because there is some time to build up business capacities, get the qualifications done, and then we will have the contract in place. The way we are starting right now is the initial capacities to get experience of commercial production, qualification, and then subsequently, the next 26 and 27, we will be building up capacities, and we will see significant numbers coming up in FY '28. You are right, absolutely. That is how we are planning to build this business going forward.

Rohit Nagraj: Got it, sir. Sir, second question, in terms of the Rs. 1,600 crores CAPEX, would that be completed during FY '26? The need of asking this question is, would the depreciation and interest will start flowing in from FY '27, or maybe the second half of FY '27? Thank you.

Management: Yes, the capitalization will be average out during the year. So, there will be a 50% impact as against the total CAPEX.

Bir Kapoor: Correct.

Rohit Nagraj: Perfect. That is it from my side. Thank you and all the best.

Bir Kapoor: Thank you, Rohit. Thank you.

Rohit Nagraj: Thank you, sir. As there are no further questions from the participants, I would like to hand the conference over to the management for the closing comments. Thank you, and over to you, sir.

Bir Kapoor: Thank you, and I really appreciate the interest in GFL. And as I said earlier, overall, we are very well placed to capture growth across our business segments, largely driven by surge in demand in Fluoropolymers and Battery Materials and finally, R32 as we go forward. So, we remain

confident in delivering our sustained growth and creating long-term value for all our stakeholders. So, thank you very much. Thanks.

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of B&K Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.