

GFCL: BRD: 2025

12th August, 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 Tuesday, 5th August, 2025

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

With reference to our letter dated 30th July, 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, 5th August, 2025 at 04:00 p.m. to discuss the Financial Performance of 1QFY26.

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 Q1 FY 2026 Earnings Conference Call”

August 05, 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 AGRAWAL – CHIEF FINANCIAL OFFICER,
GFL, GUJARAT FLUOROchemicals LIMITED**
**MR. KAPIL MALHOTRA – BUSINESS HEAD,
FLUOROPOLYMERS, GUJARAT FLUOROchemicals
LIMITED**
**MR. RAJIV RAO – BUSINESS HEAD, BATTERY
CHEMICALS BUSINESS, GUJARAT FLUOROchemicals
LIMITED**

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

Moderator: Ladies and gentlemen, good day, and welcome to the Gujarat Fluorochemicals Limited Q1 FY '26 Post Results Earnings Conference Call, hosted by Batlivala & Karani Securities India Private Limited.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions once the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*”, then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohit Nagraj. Thank you, and over to you, sir.

Rohit Nagraj: Thanks, Huda. We thank the Gujarat Fluorochemicals' management for providing us the opportunity to host the Company's 1Q FY '26 Post-Results Conference Call.

From the Management we have today Dr. Bir Kapoor – CEO and Deputy Managing Director, and the Senior Members of the Management Team.

Without taking further time, I would like to invite Dr. Bir Kapoor to share his opening remarks, post which we can have a Q&A session. Over to you, sir.

Bir Kapoor: Thanks, Rohit. Good afternoon, everyone, and a very warm welcome to all of you for GFL's Q1 FY '26 Earnings Call.

For this call, I have with me my colleagues, Mr. Akhil Jindal – our Group CFO, Mr. Manoj Agrawal – CFO of GFL, Mr. Kapil Malhotra – Business Head of Fluoropolymers, and Mr. Rajiv Rao, who is Business Head of our Battery Chemicals business.

The Company announced its Q1 FY '26 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 will briefly highlight the 'Key Financials' and then give you an 'Update' on our 'Business Operations' and 'Outlook'. I am pleased to share that from this quarter onwards; we will commence reporting segmental data. From now onwards, we will start providing the segmental numbers.

So, let me give you the Chemical segment's update first:

The Chemical segment reported a 9% year-on-year increase in revenue to Rs. 1,280 crores in Q1 FY '26. EBITDA grew by 33% year-on-year to Rs. 354 crores, with EBITDA margin expanding by 495 basis points to 28%. Profit after tax for the quarter stood at Rs. 196 crores, making a 69% year-on-year growth.

Consolidated revenue from operations stood at Rs. 1,281 crores, reflecting a 5% increase year-on-year increase. EBITDA grew significantly by 31% to Rs. 344 crores, with margins improving around 500 basis points to 27%, up from 22% in Q1 FY '25. Consolidated PAT also increased to Rs. 184 crores, making a 70% year-on-year growth.

This strong performance was primarily driven by sustained growth in our fluoropolymers business and an improved product mix. The management is focused on working capital reduction; and thereby, the working capital has reduced from 188 days to 172 days in this quarter, and efforts are on to further reduce over the next few quarters.

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

Our Fluoro segment revenue has been rising steadily, and we have now surpassed our previous high to achieve the highest ever quarterly revenue. We expect this growth momentum to continue on account of growth in new polymer sales volumes, driven by already approved qualifications for high-end applications in sectors like semicon, aerospace and automobiles, amongst others. The capacity which we have added in new Fluoropolymer segments over the past few years are expected to reach optimal utilization levels by the end of this financial year. Additionally, we will continue to invest in expanding our fluoropolymer capacities to support future growth.

Following initial validations and approvals, we are now witnessing strong traction in these segments as reflected in our current performance and outlook. Rising demand from key sectors such as automotive, semicon and electric vehicles and energy storage systems is opening up significant growth opportunities for us. Based on current customer discussions and approvals, we are confident of achieving around 25% growth as guided earlier.

In our Fluorochemicals business segment, we are excited to announce the start of commercial production of R32 in Q2 FY '26, which is several quarters ahead of schedule. This has been achieved through strategic retrofitting and at minimal capital expenditure. We aim to ramp up our R32 capacity to 20,000 metric tons in phases by the end of this financial year. Further capacity additions planned will be firmed up looking at the market opportunity. With this addition, we now offer a complete range of refrigerant products, including R22, R32, R125 and R410.

The Specialty Chemicals segment remained stable during the quarter and is expected to see steady improvement going forward. Our bulk chemicals segment saw a slight decline in revenue during the quarter, mainly due to lower caustic soda prices and a planned CMS plant shutdown. We expect this segment to normalize in the coming quarters.

Turning now to our Battery Chemicals segment – This segment is emerging as a cornerstone of our future growth, further aided by the global demand for battery energy storage to support large-scale global developments in AI/ML, workloads, global capability centers expansion, EV

infrastructure and renewable energy deployment, all of which are accelerating the adoption of battery storage systems.

A major catalyst is the recently introduced bill in the United States, which expands subsidies beyond electrical vehicles to include energy storage systems. The bill offer a substantial USD 45 per kilowatt hour subsidy, covering approximately two-third of the battery costs, making large-scale battery productions in the US, not just feasible, but highly attractive. Importantly, the bill also introduces supply chain safeguards requiring up to 85% of inputs in the next few years to be sourced outside the prohibited foreign entity category over a period of time.

Currently, the largest supply chain for battery material is originating in PFE category country, therefore, providing an excellent opportunity for our battery material business to present an alternate supply chain option to our customers. We are exceptionally well positioned to lead this space. Our existing capacities and initial approvals give us a strong foundation for global leadership.

Besides our electrolyte and salt plant commercialization, our LFP CAM plant has successfully completed pre-commissioning activities and our LFP pilot plant is also now operational. We are actively developing customized grades tailored to customers' specifications, reinforcing our commitment to innovation and responsiveness. This is a pivotal moment for our battery materials business, and we are confident in our ability to capture the opportunities ahead.

Let me now touch upon the recent US tariff announced on India where an additional duty of 15% has been imposed, taking the total to 25% from 10% previously. Products, however, like PTFE and micro powders, and majority of our battery materials, are exempt under the reciprocal duty list. The revised duty, however, applies to a few of our new fluoropolymers as these products are highly specialized with very few suppliers globally. And having a long qualification cycle, we believe it will not be easy to develop an alternate supply chain in short to medium terms. Therefore, we do not see any significant impact on our business.

To summarize:

The Fluoropolymer segments will benefit from incremental sales of high value-added products. Fluorochemicals will see significant increase in revenue driven by commencement of our R32 business. And our battery material business is poised for significant ramp-up in the medium to long term. We remain confident of delivering sustained growth and creating long-term value for all our stakeholders.

Thank you, and we are now open the floor for questions.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rehan from Trinetra Asset Managers. Please go ahead.

- Rehan Saiyyed:** Yes. Good evening to the team. And thank you for giving me the opportunity. I have a couple of questions, first on the fluoropolymer side. Fluoropolymer revenue has reached all-time high in this quarter. So, is this run rate sustainable? And what visibility do you see in the volumes for the rest of FY '26 in the upcoming quarters? That's my first question.
- Bir Kapoor:** Rehan, we have already stated that we expect the fluoropolymer business to achieve a growth of 25%, and we see that happening probably by the time we complete this financial year. And we expect this revenue growth to continue quarter by quarter.
- Rehan Saiyyed:** Sorry, I missed that part. Okay, I will note it. And my second question is on the customer approval pipeline. Can you elaborate on the customer approval pipeline for the new high-purity polymer, especially for semiconductors and aerospace applications?
- Bir Kapoor:** Sure. I will request Mr. Malhotra to take it.
- Kapil Malhotra:** Hi, Rehan. So, I also mentioned in the previous calls also that a couple of high-end applications, especially semiconductor, we have mentioned in our statement, aerospace, automobiles. So, we have also got a couple of high-end polymer approvals from the Western countries also and also from Far East countries. So, the commercial business also has started from these applications. With every quarter coming up, we expect these numbers to ramp up and the business to grow up continuously and more approvals to come consequently from other customers also.
- Rehan Saiyyed:** Okay. And sir, my last question is just understanding like regarding that you have stated right now regarding the US tariff. So, right now we are dealing in the Specialty type of chemicals in the US market, so that's why we are not exempted towards tariffs. Is my understanding correct in this?
- Bir Kapoor:** No, there are specific products which are mentioned.
- Rehan Saiyyed:** Like R125 and R410A.
- Bir Kapoor:** Right. I do not think the refrigerant gases are part of that. The PTFE and micro powders are part of it and majority of the battery materials are part of the list, it's exempted from the reciprocal duty list.
- Rehan Saiyyed:** Okay. That's it from my side. Thank you, sir. Those were my questions.
- Moderator:** Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.
- Sanjesh Jain:** Yes, thank you. Good afternoon, sir. Thanks for taking my questions. A couple from my side. First, on the R32, can you help us understand what is the capacity we added now by retrofitting the existing plant? And we said in the opening remarks that we are looking to scale up to this 30,000 metric tons by end of FY '26, is that right understanding? Or you will wait for validation

of this product and then you would want to expand and take a decision? Or we have already started the work on expanding?

Bir Kapoor: Not really. Thanks, Sanjesh. Thanks for your question. First of all, since this is a retrofit, we have already done. We have already checked the materials and it's already qualifying. We have also shipped our first shipment to our customers. So, the plan right now is not wait and then expand. Since we are retrofitting, it is done in phases. So, as I had stated, 20,000 tons by the end of this financial year, Sanjesh. And then we will decide on the further ramp-up plan based on looking at the market opportunities available to us.

Sanjesh Jain: Okay. So, by when are we expecting this existing plant, I do not know what capacity we have added to reach the optimal utilization? And what is the capacity with this first phase we have done?

Bir Kapoor: So, Sanjesh, it will not be appropriate for me to give the exact capacity now. But of course, it's in upward to 10,000 that we had indicated. And we will slowly ramp it up going forward.

Sanjesh Jain: And the remaining 20,000 will also come as a retrofit or it will be a fresh plant?

Bir Kapoor: Everything will come as a retrofit. Of course, it may require some amount of balancing equipments to be added because always retrofit there are imbalances. So, when I said end of the year, because that means we will be adding some equipment to debottleneck and ensure that we achieve that capacity that we are talking about.

Sanjesh Jain: And when are we expecting to reach this upwards of 10,000 capacities to its optimal utilization, is this quarter possible Q2?

Bir Kapoor: So, I think capacity utilization we will probably share you a little later but looking at the market opportunity that is available to us, we expect that utilization to happen rather fast.

Sanjesh Jain: Got it. Second, on the fluoropolymer. You said that we have good visibility on order book, and you reiterated the guidance of 25% for this year. First quarter was not 25%. So, what is giving us confidence? And then there is an uncertainty of US tariff, which is a very large market for us. I know PTFE does not get impacted, but new fluoropolymer does. So, what is giving us confidence of this 25% growth?

Bir Kapoor: So, I will just make one comment, then I will hand it over to Kapil to add more. The first thing is, because since we have already been approved, and as you know, the fluoropolymers, these are very specialized products. After approval, normally the orders start at a relatively small level and then keeps building up. So, that is what is giving us confidence because we have a large number of approvals in place.

Now coming back to the capacity, this tariff situation. US is a large market for us. But if you look at the volumes are very large in case of PTFE and micro powders, which are on the exempt

list. New polymers are indeed part of it, but there's a certain level of their stickiness to that business. And I will let Kapil add to that.

Kapil Malhotra:

Yes, Sanjesh. So, as Dr. Kapoor has mentioned, in the US, as PTFE and micro powders are exempted, however, all the new fluoropolymers, they command a very special application, as we have mentioned, a couple of application names also. So, the demand is inelastic of the prices majorly. And we expect that we should be able to majorly negotiate all the prices as per the tariffs slowly and steadily and should be able to continue the business.

Our approvals, as I mentioned, are already on and some of the other approvals will keep on happening with every subsequent quarter. And the ramp-up will keep on happening in the business as and when we keep on getting these approvals and also the commercial business keeps on increasing as we keep on getting more orders.

Bir Kapoor:

And just to add, Sanjesh, that the earlier 10% that we are talking about has already been passed on, so now we are looking at this delta of 15%.

Sanjesh Jain:

Very clear, very clear. On the R32 pricing, it's been quite firm for a while now, but now the capacities have started flowing in, what is the expectation on the pricing? Because we have seen this in 125 also, right, the prices went up to \$18, then cooled off to \$5. Something like that in R32, again, do you see a risk of pricing normalizing at the levels which were earlier, say, at \$3, \$4? Or you still believe \$6 is sustainable pricing?

Bir Kapoor:

See, of course, we expect the price to remain in the same range. And what you are talking about R25 was a different situation, the prices on R25 was based on a duty in very specific country, okay? In this case, R32 fundamentals of where the R32 pricing are very different. And the reasons are very different than 125, okay? And the reason primarily, of course, is the constraint on the supply side and the prices being high in one of the largest suppliers in the world, okay? So, that's the reason the prices are high. So, we expect it to continue. But obviously, it's very difficult to project, but we expect this to continue in this range.

Sanjesh Jain:

Very clear, sir. Thanks Bir sir and Kapil answering all those questions. And best of luck for the coming quarters.

Moderator:

Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal:

Hi, sir. Congratulations on the good set of number. Thanks for the opportunity. Just a follow-up on the R32 bit. From an end-use market where you will be selling this, so this will be largely focusing on the Indian market or the proportion on the export side will be higher?

Bir Kapoor:

We will be focusing, Ankur, on the global markets completely today, because we already had 125. So, we have now a combination of R32, 125, which gives us an opportunity to penetrate deeper with 410 into market all across.

- Ankur Periwal:** Sure, sir. That's helpful. Second bit on the new fluoropolymers you did highlighted we are going to almost optimal utilization by the end of this financial year. I recollect we had some expansion plans on the PVDF side, almost Rs. 300-odd crores. By when are we expecting this capacity to come on stream? And secondly, if there are any further plans given that we will be optimally utilized by the end of this financial year?
- Bir Kapoor:** See, the capacities in terms of the investment that we have made is online, okay? And those are the capacity that we are talking about because these investments were made quite some time back, okay? And as the qualifications have been received, we are getting more traction on orders and the volumes are going up. So, in terms of capacity utilization, we expect the optimal to reach by the end of this financial year. Do I answer your question, Ankur?
- Ankur Periwal:** Yes. Sir, just a clarification. So, once we reach optimal utilization number this year, I am sure given the demand environment, there will be an incremental sort of market share gain that we will be looking forward to. Does this Rs. 300 crores CapEx suffice for that for your growth in '27? Or we are looking something beyond that as well?
- Bir Kapoor:** No, we will be looking at more investments in this. And I think we will give you a better perspective probably a quarter from now. But we have plans to expand and add capacities in fluoropolymer business as we are closing to the optimum capacity utilizations.
- Ankur Periwal:** Okay. Great. That's helpful. And just lastly, because of the renewable plant there, there was a saving that we were expecting of around Rs. 150-odd crores. Just if you can share some thoughts on the time lines on when we can start seeing the benefit from that coming in.
- Bir Kapoor:** I will request Akhil to take this.
- Akhil Jindal:** Yep. So, Ankur, the investment has started. The construction is going on on-site. And to that extent, you must have noticed in one of our notes to Clause 41 that as a Company, we have invested close to Rs. 190 crores till date as an equity. So, the total plan is to be a partner in this 450 megawatt of renewable energy. And the saving will start accruing from Q3. So, basically, it will come in stages. So, I think the first installation will happen in Q3. And to that extent, the saving will start coming in. You should be aware that 50 megawatt is already operational. To that extent, the savings are already accounted for in our current P&L numbers. Did I answer your question?
- Bir Kapoor:** Yes, yes. Just a clarification, the full benefit stands at Rs. 150 crores. So, let's say FY '27 we will see that full benefit?
- Akhil Jindal:** That's right. So, FY '27 will be the first year of full operation, so the full benefit will be available in that year, you are right.
- Ankur Periwal:** Okay, great sir. That's helpful. Thank you and all the best.

- Moderator:** Thank you. The next question is from the line of Arun Prasath from Aventus Spark. Please go ahead.
- Arun Prasath:** Thanks for the opportunity. Good evening, everyone. I think earlier we had guidance for our existing business and EBITDA of Rs. 2,000 crores. So, in light of these developments with the fluoropolymers segment, are we still sticking to this guidance? Second, on a like-to-like basis, with the ref gas coming in, probably the like-to-like guidance number should be higher, right? So, if you can guide on this, it will be helpful.
- Bir Kapoor:** Yes, Arun, I think if I recall correctly, I do not think we have given any guidance in the last quarter. Of course, we had mentioned all along that there will be a 25% growth in our fluoropolymers business. And I do not think we had given Rs. 2,000 crores guidelines in last quarter or so for the EBITDA.
- Arun Prasath:** No, not in the last quarter. It was mentioned before that, and it's kind of a kind of a medium-term target with the full potential of the fluoropolymer's volumes.
- Bir Kapoor:** Yes. Of course, our target is to reach that level, but that guidance we had not given in the last quarter, Arun.
- Arun Prasath:** Okay. So, at the current volume run rate, is there any possibility that we will be reaching the full potential this year, sir?
- Bir Kapoor:** You mean for the fluoropolymers?
- Arun Prasath:** Fluoropolymers business, yes.
- Bir Kapoor:** Yes, we said that we will reach the full potential by the end of this financial year.
- Arun Prasath:** And on the exit of the legacy player, what is that you are seeing on the ground? Anything visibly which is shifting ground? And what kind of the impact it is having on the pricing and inventory? Some bit of color on this would be helpful.
- Bir Kapoor:** Could you come up again? You were mentioning about the legacy players.
- Arun Prasath:** Sir, I was asking on the exit of the legacy player. Post that, we said that in the second half of Calendar '23, we should see more impact on the volumes and as well as the pricing. Anything? Any development on that front?
- Bir Kapoor:** Yes. I will let Mr. Malhotra take that.
- Kapil Malhotra:** So, Arun, some of the impact we have already started seeing in some of the products and segments. And we will continue to see that in subsequent quarters as and when the stocks deplete of these legacy players, and we keep on getting our approvals from the customers. So, the

business is already on and replacements are already on. And the process is undergoing from quarter-to-quarter.

Arun Prasath: Okay. And what kind of the impact we have already kind of -- say, for example, in this quarter we have shown a few increase of --

Moderator: Sorry to interrupt Mr. Arun, but I request you to rejoin the queue for the follow-up question as there are many participant left in the queue.

Arun Prasath: Sure. Thank you.

Kapil Malhotra: Thank you, Arun.

Moderator: The next question is from the line of Lavanya from UBS. Please go ahead. As there is no response, I am taking the next participant who is Archit Joshi from Nuvama Wealth. Please go ahead.

Archit Joshi: Good evening, team. And thanks for the opportunity. Sir, the first question on the segment information that we have started providing from this quarter. I see that we sold roughly Rs. 5 crores in the previous quarter and Rs. 1 crores this quarter from EV products. And an addendum to that, if I just take a look at our capital employed disclosure, our Rs. 1,658 crores worth of segment assets have largely remained unchanged on a quarter-on-quarter basis. And we are expecting roughly Rs. 1,200 crores of CapEx infusion in the EV products business.

Sir, first on the sales that we have done, sir, where is this exactly coming from? If you can elaborate a bit that what part of the EV product you started selling? And if Rs. 1,200 crores CapEx endeavor is still on track? And when do we expect the assets to start getting beefed up in the next few quarters? That will be my first question.

Bir Kapoor: Thanks, Archit. Our EV business, as I stated earlier, is, we are looking at the longer-term growth opportunities. In the short term, of course, now the sale that we are talking about is very, very small. And those, in my view, have still not trickled in. We expect the sales from the EV business to start trickling in by the second half of this year. It's been quite a little bit, okay? But we will start seeing more meaningful numbers perhaps in FY '27, okay, which we will start seeing the full impact of the capacity that we have set up, okay?

Now coming to your next question about your CWIP, I mean, we have been around Rs. 1,000 crores I think in GFL, which is approximately because we have various projects which is going on at multiple units, and this is a typical number that we see. Because as these projects gets commissioned, we take them and recapitalize them. So, we do not see anything unusual with this Rs. 1,600 crores number because we have a large number of projects going on. And particularly, of course in the EV where the large number of projects are under construction and under commissioning.

- Archit Joshi:** Sir, sorry, it's still not kind of fully clear. I mean, I am just referring to the presentation where we have given a divide that you invest Rs. 400 crores this year in GFL and Rs. 1,200 crores in EV. And my question was largely pertaining to just getting a sense that how are we seeing CapEx in the EV part? Basically, are you sticking to the Rs. 1,200 crores yearly CapEx?
- Bir Kapoor:** Okay. I am sorry. See, we had already indicated that we have invested close to Rs. 1,300 crores in EV till the last financial year, and we are planning to add another Rs. 1,200 crores in this financial year going forward. And it remains as per the plan. So, there is no change in the EV plan as of now.
- Archit Joshi:** Got it. Understood. Sir, one more question on the fluoropolymers bit. With, of course, knowing that the legacy player has exited and we have displayed a very solid performance in fluoropolymers. The next leg of CapEx that you are planning, maybe this Rs. 400-odd crores number that alluding to the presentation, any particular fluoropolymer that we are targeting? Is it more PTFE-led capacity addition or FKM, FEP, anything that you might want to give a broad directional kind of a guideline as to within the product mix, which should be something that one should look out for in terms of growth prospect?
- Bir Kapoor:** Yes. Thanks, Archit. I will let Mr. Kapil take that.
- Kapil Malhotra:** Yes, Anchit. Yes, so this investment is going to be across all the fluoropolymers, including PTFE and new fluoropolymers.
- Bir Kapoor:** It's difficult for us to bifurcate, Archit, because we see growth opportunities --
- Kapil Malhotra:** In every product which we have in our portfolio. So, it's going to be across all the products.
- Archit Joshi:** Sir, just an addendum to the previous one. I think we did have some plans within PVDF also to develop the solar grade. And I think I recall from previous notes about 2,500-odd tons of PVDF capacity addition. Is that all in place? And are we seeing any ramp-up in solar grade PVDF? Where are we in that development, if you can?
- Bir Kapoor:** So, I think that 2,500 capacity addition that we probably may have mentioned earlier because lately, we have not been giving any details on the capacities. But coming back to this capacity of PVDF, this is largely for EV products, EV binders and that capacity is in place, okay? We are going through the final stages of qualifications now. And the PVDF binder, being a material which goes into cathode, it requires a very long qualification process. So, in PVDF, we are at the very final stages of qualifications. In fact, it's going through the scaled-up trial right now. And we expect the qualifications to be complete by the end of this calendar year.
- Archit Joshi:** Nothing on the solar part, right? This is all binders now. Maybe that was stalled. Is that a fair assumption in PVDF?
- Bir Kapoor:** Most of it is for binder applications, which is EV or batteries.

- Archit Joshi:** Sure. Understood. Thank you, sir. Thanks and all the best. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Krishan Parwani from JM Financial. Please go ahead.
- Krishan Parwani:** Hi, sir. Thank you for taking my question. A couple from my side. First, just a bookkeeping question. What has led to decline in the other operating expenses during the quarter, which has resulted in EBITDA margin expansion?
- Bir Kapoor:** Normally, the previous quarter was the year-end quarter. So, we have normally a lot of provisions related to CSR, which often comes in, in the last quarter as other expenses. If you look back in the previous quarter, Q3 of last year, this quarter is more or less in line with that.
- Krishan Parwani:** So, this Rs. 211 crores range is a sustainable range going ahead? Till the time our power expenses, probably the renewable thing comes in. But I think that is captured in the power expenses, not in other expenses.
- Bir Kapoor:** Of course, there will be a natural increase in the expenses over time. But of course, when you say sustainable, it will not go back to Rs. 244 crores. There will be some minor increase, which will appear in the other expenses, but continue to be in the same range.
- Krishan Parwani:** Got it. Secondly, on R32, on which existing capacities you have done the retrofitting? And by when do you expect to fully utilize your 20,000 tons capacity?
- Bir Kapoor:** This has been done from one of our existing plants. And as I said that we will reach 20,000 tons by the end of this financial year. But the way we are planning is that it will not have much impact on any of our existing products that we have.
- Krishan Parwani:** So, basically, the plant that you have done the retrofitting was probably not contributing to our top line meaningfully and then that's why the loss in the top line would not be meaningful. Is that what you are indicating? Hello, am I audible?
- Moderator:** Sorry for the inconvenience. The line for the management has got disconnected. Give me a moment. I will join the management back up.
- Krishan Parwani:** Sure.
- Moderator:** Thank you. The management line is now connected. Mr. Krishan you can ask your question, sir. Please go ahead.
- Bir Kapoor:** Sorry, Krishan, we got disconnected. I think you are asking about the capacity utilization and impact on the existing revenue. As I said that there would not be any impact at all because there has been internal adjustment debottlenecking and it will not have any impact on our existing products.

- Krishan Parwani:** Got it. And the second part of that was like I understand that 20,000 tons capacity is coming up by F '26. I was asking more like when do you expect to fully utilize it, that 20,000 tons capacity of R3?
- Bir Kapoor:** Looking at the market situation, we expect that to happen quickly. However, I mean, we cannot really say, but probably next few quarters after that.
- Krishan Parwani:** Got it. And last bit, if I may. On the fluoropolymer side, in order to achieve 25% Y-o-Y growth guidance that you have given, so the next nine months, we ask about 28% Y-o-Y growth. I wanted to understand, would it be largely volume growth or how would that be?
- Kapil Malhotra:** Yes, it will be largely driven by the volumes. As we were already mentioning that we are under the process of pitching in for the legacy players and also the approvals from coming from the other sectors on the high-end grades. So, that is predominantly giving us growth. And from there, we expect the volumes to grow up the way we had projected.
- Krishan Parwani:** Got it, sir. Thank you for answering my questions. Wish you all the best.
- Moderator:** Thank you. The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.
- Nitin Agarwal:** Sir, thank you for taking my questions. Sir, on the battery chemical business, is it fair to say that there is a little bit of a pivot, which is there from our end customer perspective from mobility to energy storage? And from a demand supply perspective, are there very different dynamics for battery chemical supplies to mobility applications versus energy storage applications? And, I mean, are we better positioned in ESS versus mobility?
- Bir Kapoor:** Yes, Nitin. I will just add my comment and then hand it over to Rajiv. Yes, there's a positive impact on us because most of the mobility uses LFP chemistry predominantly. And the ESS uses LFP chemistry. And LFP chemistry typically has a higher salt consumption per gigawatt hour compared to NMC. And second is that, of course, LFP, the expansion of LFP also gives us a much larger market segment for our LFP CAM products. So, in both ways, it actually is a positive development. Rajiv, would you like to add?
- Rajiv Rao:** Yes. So, yes, to your question, there is a movement as far as lithium-ion usage is concerned towards energy storage than it was perhaps six months ago. With the growth in artificial intelligence and the data servers that are required to support it, there is a huge shift towards looking for stabilizing power supplies to such servers, which is driving consumption, which will drive consumption of energy storage solutions in the coming future. So, that will globally. So, that will drive the lithium-ion battery consumption in energy storage as well as mobility.
- And as Dr. Kapoor said, most of the energy storage uses LFP chemistry, which uses significantly higher amounts of lithium salts. So, that will increase the addressable market for lithium salts as well as for the LFP cathode active material.

- Bir Kapoor:** The salt requirement is, Nitin, just as a rule of thumb, is almost double in case of LFP per gigawatt hour compared to NMC chemistry.
- Nitin Agarwal:** Okay. And sir, how is the supply side position on this versus in mobility? I mean are there more entrenched players in energy storage, we are in a better competitive footing versus mobility? Is there any case like that?
- Rajiv Rao:** Yes. So, when we look at the markets that we are focusing on, which is the US market, India and Europe, all these geographies are looking to diversify the supply chains and are very keen to find sources outside of China. And when we look at our major products, both LiPF₆ and LFP cathode active material, there are limited suppliers' available right now and both for mobility as well as for ESS applications.
- And we have the first-mover advantage having been operating in this segment for the last one year or more in having operating plants, supplying samples and getting validated. So, we have the advantage of having qualified our products at many such potential users in the markets that we are looking into.
- Bir Kapoor:** Just to add one more point, Nitin, that one of the biggest upside that we have now is because of this new bill, which actually now has included ESS also as a part of the subsidy in US manufacturing. So, earlier, this \$45 subsidy was not encompassing the battery manufacturing used for ESS applications. Now, this subsidy is given to all the battery manufacturing. And of course, with the condition that the input materials or the direct cost attributed for making batteries in US 85% or up to 85% of that cost has to be outside the PFE, which is the Prohibited Foreign Entity suppliers. So, as we are not part of that category, it gives us a significant advantage in catering to the customer and participate in the supply chain where there are relatively few suppliers.
- Nitin Agarwal:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Meghna Agarwal from Mount Intra. Please go ahead. Please go ahead.
- Meghna Agarwal:** Hello. Thank you for the opportunity. Sir, you helped us with the chemical breakdown. Can you maybe help us in the EBITDA virtues of fluorochemicals, fluoropolymer and bulk chemicals?
- Bir Kapoor:** Yes, Meghna, we do not give segmental EBITDA margins or EBITDA, that we have not been providing.
- Meghna Agarwal:** Okay. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Rohit Nagraj. Please go ahead.

Rohit Nagraj:

Thanks for the opportunity. Sir, first question is slightly technical. So, we said in our opening remarks and later as well that by FY '26, we will be able to operate the 20,000 tons of R32 plant. Now given that the storage requirement for ref gas is different than solids and liquids, how are we placed to store in case the demand is limited in domestic market and in the exports market? So, what is the kind of arrangement that we have made?

And alike question to that, post FY '26, if we were to increase the capacity further, we have done the remarkable job of retrofitting within a short period of time. But if we were to go for fresh capacity, will we be able to adhere to the December '26 deadline for the newer capacity?

Bir Kapoor:

Yes. Thanks, Rohit. First of all, the capacities as far as the storage, et cetera, we have tremendous experience in refrigerants for a very long time for almost 35-plus years. We have been the typical storage tank plus ISO tank or the small cylinders. So, those are, of course, planned based on the market dynamics, demands. So, it's not that we will be storing 20,000 tons and then selling. It's not like that normally, but we do not see as an issue, okay?

Now coming back to the capacity expansion plans. Beyond 20,000, we will, of course, look at how market opportunities unfold and looking at the market opportunities. We may decide it. But definitely, we will do it before whatever the stipulated target date that we have. We will add all the capacities before that, sure.

Rohit Nagraj:

And just second question, again on the Battery Chemicals front. Given that our products will be at the last stage of validation, once validated and given that multiple customers are currently validating the product, will there be a quantum jump in 2nd H FY '26 in terms of the supplies and that would give us better visibility as far as the Battery Chemicals revenues are concerned?

Bir Kapoor:

First of all, right now, whatever revenue that will trickle in, that will be a significant jump over where we are. However, I would like to speak more about FY '27 when we expect to see, of course, a very large jump as these qualifications come in place, we will start seeing the orders coming in from the capacity that we already have in place. So, in this year, of course, towards the second half, you will start seeing the revenues trickling in. But majority of it, we will see the ramp-up in '27 and then onwards.

Rohit Nagraj:

Thanks for answering all the questions. All the best.

Moderator:

Thank you. The next question is from the line of Pratik Oza from Systematix. Please go ahead.

Pratik Oza:

Hi, sir. Thank you for the opportunity. Just one question from my side. Are you evaluating any manufacturing facility perhaps through JVs in United States? Asking this because that would create a shorter supply chain and also help in optimizing our working capital.

Bir Kapoor:

I am sorry, it's still not clear, Pratik. Could you repeat the question? It's not very clear.

- Pratik Oza:** Yes, sure. So, what I was asking is, are you evaluating any manufacturing facility perhaps through JVs in United States? Asking this because, I mean, that would create a more resilient and a shorter supply chain and also maybe help in optimizing our working capital.
- Bir Kapoor:** No, we are right now not looking at US or any JV like that. So, we are not looking at definitely not, if you mean to say in fluoropolymers. So, we are not, not looking at that at the moment. And moreover, Pratik, because we have a very integrated facility in India right now, at least in case of fluoropolymers, where the cost and the entire processes has been optimized. We do not see that happening if we move far away from this integrated facilities that we have.
- Moderator:** Thank you. The next question is from the line of Lavanya from UBS. Please go ahead.
- Lavanya:** Hi, sir. Thank you for the opportunity. Sorry, I got disconnected earlier. Most of my questions are answered. Just one clarification. So, 20,000 tons for R32, is it the additional capacity or overall capacity that it will be reaching by end of this year?
- Bir Kapoor:** Lavanya, this is the total capacity because we were so far not manufacturing R32. We have just started. So, our 20,000 will be our total capacity of R32 per year that we will be reaching by the end of this financial year.
- Lavanya:** Okay. So, just the retrofit question, the earlier participant asked, this retrofit is not impacting capacity of all other refrigerants that we have. Is that understanding right?
- Bir Kapoor:** No, no, it will not impact any of our existing product lines in refrigerants or any other product...
- Lavanya:** Okay. Got that. And one on fluoropolymer, the 25% growth rate guidance is factoring in the benefit that we are expecting with the exit of the player. Is that right?
- Bir Kapoor:** Yes, that's all been factored in, Lavanya, because there have been several factors which is contributing to this growth. And one of them is what you stated, which is exit the market opportunities created by exit of legacy players.
- Lavanya:** Got it. Thank you so much, sir.
- Moderator:** Thank you. We will take that as the last question. As there are no further questions from the participants, I now hand the conference over to Dr. Bir Kapoor for closing comments.
- Bir Kapoor:** Thank you very much. And once again, I would like to thank you all for interest in Gujarat Fluorochemicals. Clearly, as I had stated earlier, we are looking for a very solid growth in fluoropolymer business as we go along, which is our core. And we also see very strong opportunity that is emerging in our new business of battery materials. The large number of the factors which are all playing very positive for us. We are very well positioned today to play a leadership role in the segments. By the next quarter or so, most of our products will have our

commercial scale facilities ready, going through qualifications. So, this presents a wonderful opportunity for our battery materials business going forward.

So, with this, I would like to thank you all for interest in Gujarat Fluorochemicals and look forward to connecting with you again end of next quarter. Thank you.

Moderator:

On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.