Gujarat Fluorochemicals (FLUOROCH IN)

Rating: HOLD | CMP: Rs3,486 | TP: Rs3,580

August 5, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		REDUCE	
Target Price	3,580		3,283	
Sales (Rs. m)	55,415	63,194	54,415	60,194
% Chng.	*1.8*	*5.0*		
EBITDA (Rs. m)	14,618	16,834	14,433	15,888
% Chng.	*1.3*	*6.0*		
EPS (Rs.)	65.8	74.6	64.6	68.4
% Chng.	*1.8*	*9.0*		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	42,808	47,370	55,415	63,194
EBITDA (Rs. m)	9,548	11,570	14,618	16,834
Margin (%)	*22.3*	*24.4*	*26.4*	*26.6*
PAT (Rs. m)	4,350	5,460	7,225	8,193
EPS (Rs.)	39.6	49.7	65.8	74.6
Gr. (%)	*(65.1)*	*25.5*	*32.3*	*13.4*
DPS (Rs.)	1.7	1.8	3.3	3.7
Yield (%)	*0.0*	*0.1*	*0.1*	*0.1*
RoE (%)	*7.6*	*8.3*	*9.5*	*9.8*
RoCE (%)	*9.0*	*9.3*	*10.8*	*11.0*
EV/Sales (x)	9.4	8.4	7.3	6.4
EV/EBITDA (x)	42.0	34.4	27.6	24.1
PE (x)	88.0	70.1	53.0	46.7
P/BV (x)	6.5	5.3	4.8	4.4

Key Data	**GFLL.BO | FLUOROCH IN**
52-W High / Low	Rs.4,881 / Rs.3,080
Sensex / Nifty	80,710 / 24,650
Market Cap	Rs.383bn/ $ 4,361m
Shares Outstanding	110m
3M Avg. Daily Value	Rs.368.57m

Shareholding Pattern (%)

Promoter's	62.58
Foreign	4.25
Domestic Institution	11.48
Public & Others	21.69
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.0)	(5.3)	8.7
Relative	2.3	(8.1)	6.0

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R32 plant commercialized during Q1FY26

Quick Pointers:

- EV business to contribute meaningfully from FY27
- Revenue growth guidance for Fluoropolymers segment maintained at 25%, to be driven by volumes

Following the recent price correction and commercialization of R32 ahead of schedule, we upgrade the stock to 'HOLD' with a revised target price of Rs3,580, valuing it at 48x FY27E EPS. FLUOROCH reported consolidated revenue from operations of Rs12.8bn, marking an increase of 8.9% YoY and 4.6% QoQ. The topline growth was driven by the Fluoropolymers segment, which grew 16% YoY and 12% QoQ, supported by higher volumes and a favorable product mix. This segment is expected to grow ~25% in FY26, aided by the exit of a key global player from Dec'24. The Fluorochemicals segment delivered a modest 2% YoY growth, but declined 7% sequentially, due to lower sales of R410A and R125 in the USA. However, R22 prices rose during the quarter and are expected to remain elevated due to global production quota cuts. FLUOROCH also commercialized its R32 capacity during Q1FY26 and aims to ramp it up to 20,000mtpa by the end of FY26. The Bulk Chemicals segment reported a 12% YoY decline, impacted by lower caustic soda prices and planned shutdown of the CMS unit. The Battery Chemicals segment is expected to begin contributing to revenue from H2FY26, with meaningful ramp-up from FY27. Product validation is currently at an advanced stage. Going forward, overall growth will be driven by the Fluoropolymers segment, rising refrigerant prices, and commencement of the Battery Chemicals business. The stock is currently trading at 47x FY27 P/E. Upgrade to 'HOLD' rating.

- **Revenue growth aided by 16% YoY increase in Fluoropolymers:** Consolidated revenue stood at Rs12.8bn, up 8.9% YoY and 4.6% QoQ (PLe: Rs12.2bn, Consensus: Rs12.6bn), coming in 4.6% above our estimates. Growth was led by the Fluoropolymers segment, which reported its highest-ever revenue, rising 16% YoY and 12% QoQ. Fluorochemicals grew by 2% YoY, while Bulk Chemicals declined by 12% YoY. Gross profit came in at Rs8.3bn, with a margin of 65.1% (vs 65.4% in Q1FY25 and 66.3% in Q4FY25), marking a sequential decline of 120bps.

- **EBITDAM improves 460bps YoY:** EBITDA stood at Rs3.4bn, up 31% YoY/ 12.4% QoQ. EBITDA margin came at 26.9% (PLe: 26%, Consensus: 25%) vs 22.3% in Q1FY25 and 25% in Q4FY25. Margin expansion was supported by lower other expenses. Reported PAT was Rs1.8bn (70% YoY/ -3.7% QoQ), while margins were at 14.4% vs 9.2% in Q1FY25 and 15.6% in Q4FY25.

- **Concall takeaways**: **(1)** PTFE and majority battery materials are exempted from US tariffs. **(2)** A few high-grade fluoropolymers will be impacted by the tariff; however, since there are very few manufacturers globally, and the approval cycle for these products is long, the Fluoropolymers segment is not expected to be significantly affected. **(3)** New Fluoropolymer capacities are likely to reach optimal utilization by the end of FY26. **(4)** In FY26, the Fluoropolymers segment is expected to see 25% growth supported by volume growth. **(5)** Commercial production of R32 commenced in Q1FY26; this was achieved by strategic retrofitting at minimal capex. Capacity will be ramped up to 20,000mtpa by the end of the year. **(6)** The Specialty Chemicals segment remained stable during the quarter. **(7)** Bulk Chemicals saw degrowth in revenue due to decline in prices of caustic soda and shutdown of the CMS unit. **(8)** New bill passed in the USA, expected to be growth driver for battery manufacturers, will benefit the company. **(9)** For the EV segment, samples have been approved or are in advanced qualification stages at over 85% of potential customers globally. **(10)** Pre-commissioning activities of the LFP plant have been completed**. (11)** The EV business is expected to show meaningful numbers from FY27. **(12)** FLUOROCH invested Rs13bn in the EV business in FY25 and plans to invest another Rs12bn in FY26.

Exhibit 1: Q1FY26 Result Overview - Consolidated (Rs mn)

Y/e March	Q1FY26	Q1FY25	*YoY gr. (%)*	Q1FY26E	*% Var.*	Q4FY25	*QoQ gr. (%)*	FY26E	FY25	*YoY gr. (%)*
Net Sales	**12,810**	**11,760**	***8.9***	**12,243**	***4.6***	**12,250**	***4.6***	**55,415**	**47,370**	***17.0***
Gross Profit	8,340	7,690	*8.5*	8,213	*1.5*	8,120	*2.7*	37,967	30,700	*23.7*
Margin (%)	*65.1*	*65.4*		*67.1*		*66.3*		*68.5*	*64.8*	*5.7*
EBITDA	**3,440**	**2,620**	***31.3***	**3,126**	***10.0***	**3,060**	***12.4***	**14,618**	**11,570**	***26.3***
Margin (%)	*26.9*	*22.3*		*25.5*		*25.0*		*26*	*24*	
Other Income	230	90	*155.6*	138	*67.3*	260	*(11.5)*	550	580	*(5.2)*
Depreciation	900	850	*5.9*	918	*(2.0)*	890	*1.1*	3,949	3,550	*11.2*
EBIT	**2,770**	**1,860**	***48.9***	**2,346**	***18.1***	**2,430**	***14.0***	**11,219**	**8,600**	***30.5***
Interest	300	370	*(18.9)*	354		260	*15.4*	1,585	1,470	*7.9*
PBT before exceptional items	**2,470**	**1,490**	***65.8***	**1,992**	***24.0***	**2,170**	***13.8***	**9,634**	**7,130**	***35.1***
Total Tax	630	410	*53.7*	503	***25.3***	260	*142.3*	2,408	1,670	*44.2*
ETR (%)	*25.5*	*27.5*		*25.2*		*12.0*		*25.0*	*23.4*	
Adj. PAT	**1,840**	**1,080**	*70.4*	**1,489**	***23.5***	**1,910**	*(3.7)*	**7,225**	**5,460**	*32.3*
Exceptional Items	0	0		0		0		0	0	
PAT	**1,840**	**1,080**	***70.4***	**1,489**	***23.5***	**1,910**	***(3.7)***	**7,225**	**5,460**	***32.3***

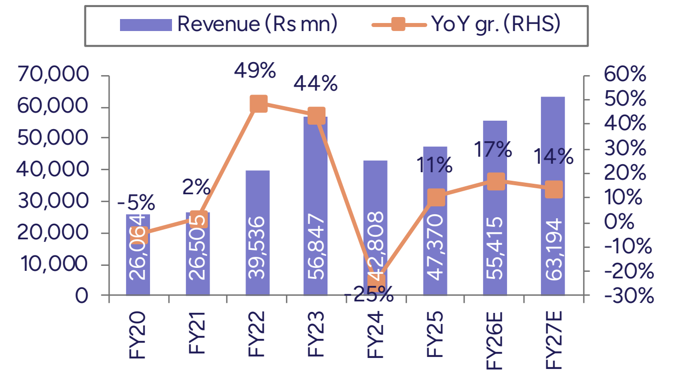
Source: Company, PL

Exhibit 2: Segmental Revenue (Rs mn)

Y/e March	Q1FY26	Q1FY25	*YoY gr.*	Q4FY25	*QoQ gr.*	FY26E	FY25	*YoY gr.*
Bulk Chemicals	1,480	1,690	*-12%*	1,610	*-8.07%*	7,052	6,710	5.10%
Fluoro Chemicals	3,020	2,970	*2%*	3,260	*-7.36%*	14,206	12,200	16.44%
Fluoropolymers	7,980	6,850	*16%*	7,140	*11.76%*	33,158	27,500	20.57%
Others	330	250	*32%*	240	*37.50%*	1,000	-	
Total Revenue	**12,810**	**11,760**	***9%***	**12,250**	***4.57%***	**55,415**	**46,410**	**19.40%**

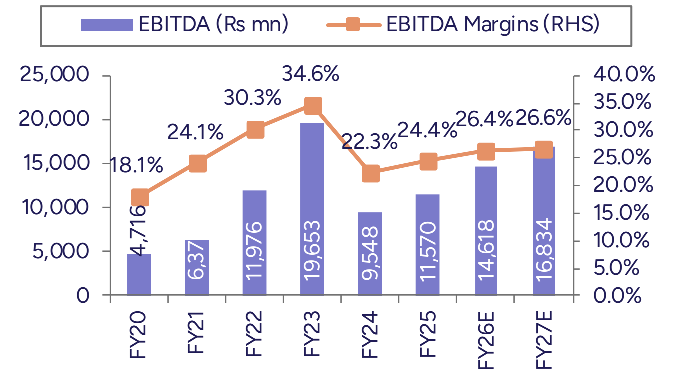
Source: Company, PL

Exhibit 3: Revenue to grow at 14% in FY27E



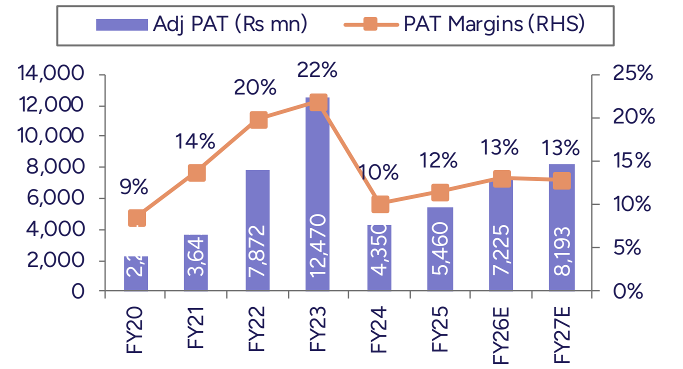
Source: Company, PL

Exhibit 4: EBITDAM to improve in FY25-27E



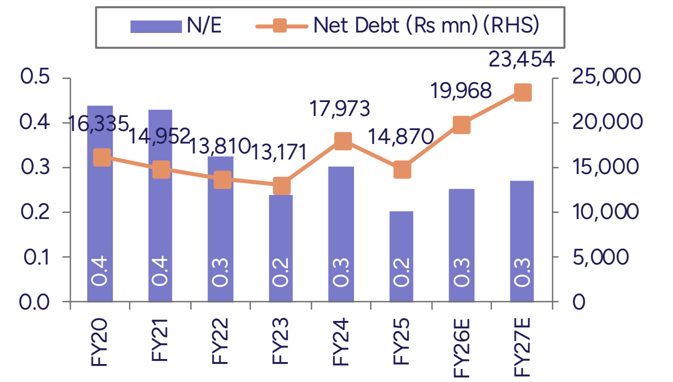
Source: Company, PL

Exhibit 5: PAT margins to rise to 13%in FY27



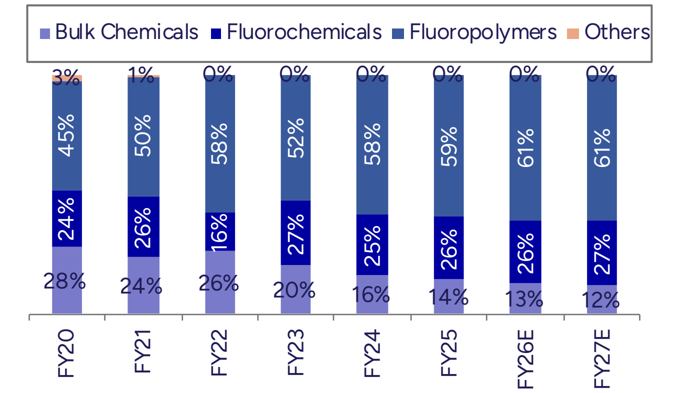
Source: Company, PL

Exhibit 6: D/E to be at 0.3x



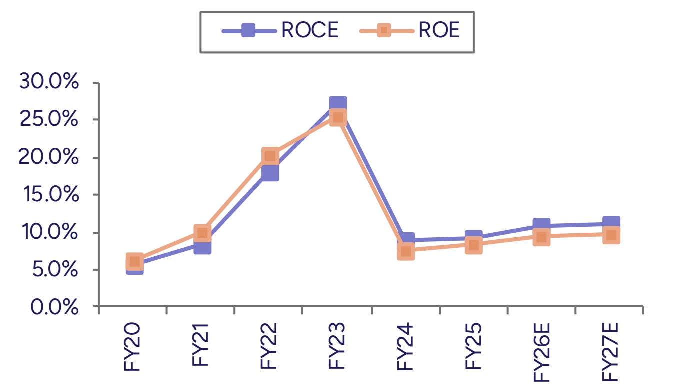
Source: Company, PL

Exhibit 7: Fluoropolymer contribution strong



Source: Company, PL

Exhibit 8: Return ratios to stay at 11-12%



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	**42,808**	**47,370**	**55,415**	**63,194**
YoY gr. (%)	*(24.7)*	*10.7*	*17.0*	*14.0*
Cost of Goods Sold	14,533	15,130	17,449	19,903
Gross Profit	28,275	32,240	37,967	43,291
Margin (%)	*66.0*	*68.1*	*68.5*	*68.5*
Employee Cost	3,504	4,330	4,785	5,287
Other Expenses	15,223	16,340	18,564	21,170
EBITDA	**9,548**	**11,570**	**14,618**	**16,834**
YoY gr. (%)	*(51.4)*	*21.2*	*26.3*	*15.2*
Margin (%)	*22.3*	*24.4*	*26.4*	*26.6*
Depreciation and Amortization	2,861	3,550	3,949	4,719
EBIT	**6,686**	**8,020**	**10,669**	**12,116**
Margin (%)	*15.6*	*16.9*	*19.3*	*19.2*
Net Interest	1,331	1,470	1,585	1,886
Other Income	595	580	550	550
Profit Before Tax	**5,951**	**7,130**	**9,634**	**10,780**
Margin (%)	*13.9*	*15.1*	*17.4*	*17.1*
Total Tax	1,601	1,670	2,408	2,587
Effective tax rate (%)	*26.9*	*23.4*	*25.0*	*24.0*
Profit after tax	**4,349**	**5,460**	**7,225**	**8,193**
Minority interest	-	-	-	-
Share Profit from Associate	0	0	0	0
Adjusted PAT	**4,350**	**5,460**	**7,225**	**8,193**
YoY gr. (%)	*(65.1)*	*25.5*	*32.3*	*13.4*
Margin (%)	*10.2*	*11.5*	*13.0*	*13.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**4,350**	**5,460**	**7,225**	**8,193**
YoY gr. (%)	*(65.1)*	*25.5*	*32.3*	*13.4*
Margin (%)	*10.2*	*11.5*	*13.0*	*13.0*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,350	5,460	7,225	8,193
Equity Shares O/s (m)	**110**	**110**	**110**	**110**
EPS (Rs)	**39.6**	**49.7**	**65.8**	**74.6**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	**59,140**	**63,796**	**79,796**	**91,796**
Tangibles	56,878	60,279	76,279	88,279
Intangibles	2,262	3,517	3,517	3,517
Acc: Dep / Amortization	**16,956**	**20,506**	**24,455**	**29,174**
Tangibles	16,299	19,849	23,798	28,517
Intangibles	657	657	657	657
Net fixed assets	**43,013**	**43,290**	**55,341**	**62,622**
Tangibles	41,408	40,430	52,481	59,762
Intangibles	1,605	2,860	2,860	2,860
Capital Work In Progress	10,913	15,240	15,240	15,240
Goodwill	-	-	-	-
Non-Current Investments	4,369	4,670	4,670	4,670
Net Deferred tax assets	(2,654)	(2,340)	(2,340)	(2,340)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	2,790	2,790	2,790
Inventories	15,713	18,200	18,219	20,776
Trade receivables	8,446	11,970	12,146	13,851
Cash & Bank Balance	1,985	2,220	2,659	2,214
Other Current Assets	-	-	-	-
Total Assets	**92,341**	**1,06,090**	**1,20,075**	**1,32,429**
Equity				
Equity Share Capital	110	110	110	110
Other Equity	59,254	72,420	79,284	87,067
Total Networth	**59,363**	**72,530**	**79,394**	**87,177**
Non-Current Liabilities				
Long Term borrowings	3,731	3,970	4,470	4,570
Provisions	545	610	610	610
Other non current liabilities	1,009	890	890	890
Current Liabilities				
ST Debt / Current of LT Debt	16,227	15,910	20,948	23,888
Trade payables	5,189	6,060	7,089	8,084
Other current liabilities	3,612	3,260	3,814	4,349
Total Equity & Liabilities	**92,341**	**1,06,090**	**1,20,075**	**1,32,429**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	5,951	7,130	9,634	10,780
Add. Depreciation	2,861	3,550	3,949	4,719
Add. Interest	1,331	1,470	1,585	1,886
Less Financial Other Income	595	580	550	550
Add. Other	(491)	(670)	(550)	(550)
Op. profit before WC changes	9,652	11,480	14,618	16,834
Net Changes-WC	(1,440)	(4,150)	47	(4,029)
Direct tax	(1,949)	(1,880)	(2,366)	(2,546)
Net cash from Op. activities	**6,263**	**5,450**	**12,298**	**10,259**
Capital expenditures	(9,410)	(8,170)	(16,000)	(12,000)
Interest / Dividend Income	191	200	550	550
Others	(445)	(3,230)	-	-
Net Cash from Invt. activities	**(9,665)**	**(11,200)**	**(15,450)**	**(11,450)**
Issue of share cap. / premium	0	8,380	0	-
Debt changes	5,191	(90)	5,538	3,040
Dividend paid	(220)	(330)	(361)	(410)
Interest paid	(1,406)	(1,800)	(1,585)	(1,886)
Others	(90)	(170)	-	-
Net cash from Fin. activities	**3,476**	**5,990**	**3,591**	**745**
Net change in cash	**74**	**240**	**439**	**(446)**
Free Cash Flow	(3,293)	(2,740)	(3,702)	(1,741)

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	**11,880**	**11,480**	**12,250**	**12,810**
YoY gr. (%)	*25.5*	*15.8*	*8.1*	*8.9*
Raw Material Expenses	3,740	3,190	4,130	4,470
Gross Profit	8,140	8,290	8,120	8,340
Margin (%)	*68.5*	*72.2*	*66.3*	*65.1*
EBITDA	**2,950**	**2,940**	**3,060**	**3,440**
YoY gr. (%)	*80.9*	*42.6*	*28.8*	*31.3*
Margin (%)	*24.8*	*25.6*	*25.0*	*26.9*
Depreciation / Depletion	900	910	890	900
EBIT	**2,050**	**2,030**	**2,170**	**2,540**
Margin (%)	*17.3*	*17.7*	*17.7*	*19.8*
Net Interest	420	420	260	300
Other Income	90	140	260	230
Profit before Tax	**1,720**	**1,750**	**2,170**	**2,470**
Margin (%)	*14.5*	*15.2*	*17.7*	*19.3*
Total Tax	510	490	260	630
Effective tax rate (%)	*29.7*	*28.0*	*12.0*	*25.5*
Profit after Tax	**1,210**	**1,260**	**1,910**	**1,840**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**1,210**	**1,260**	**1,910**	**1,840**
YoY gr. (%)	*129.5*	*57.3*	*89.2*	*70.4*
Margin (%)	*10.2*	*11.0*	*15.6*	*14.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,210**	**1,260**	**1,910**	**1,840**
YoY gr. (%)	*129.5*	*57.3*	*89.2*	*70.4*
Margin (%)	*10.2*	*11.0*	*15.6*	*14.4*
Other Comprehensive Income	6	(1)	4	150
Total Comprehensive Income	**1,216**	**1,259**	**1,914**	**1,990**
Avg. Shares O/s (m)	110	110	110	110
EPS (Rs)	**11.0**	**11.5**	**17.4**	**16.7**

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	39.6	49.7	65.8	74.6
CEPS	65.6	82.0	101.7	117.5
BVPS	540.4	660.3	722.7	793.6
FCF	(30.0)	(24.9)	(33.7)	(15.8)
DPS	1.7	1.8	3.3	3.7
Return Ratio(%)				
RoCE	9.0	9.3	10.8	11.0
ROIC	6.7	7.5	8.6	8.8
RoE	7.6	8.3	9.5	9.8
Balance Sheet				
Net Debt : Equity (x)	0.3	0.2	0.3	0.3
Net Working Capital (Days)	162	186	153	153
Valuation(x)				
PER	88.0	70.1	53.0	46.7
P/B	6.5	5.3	4.8	4.4
P/CEPS	53.1	42.5	34.3	29.7
EV/EBITDA	42.0	34.4	27.6	24.1
EV/Sales	9.4	8.4	7.3	6.4
Dividend Yield (%)	0.0	0.1	0.1	0.1

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	Reduce	3,541	3,522
2	27-May-25	Reduce	3,541	3,988
3	08-Apr-25	Reduce	3,328	3,671
4	29-Jan-25	Reduce	3,190	3,537
5	08-Jan-25	Reduce	3,724	3,926
6	30-Oct-24	Reduce	3,770	4,158
7	05-Oct-24	Reduce	3,771	4,065
8	14-Aug-24	Reduce	2,907	3,330

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	420	407
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,148	2,030
4	Clean Science and Technology	Hold	1,425	1,445
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,440	5,269
7	GAIL (India)	Hold	180	181
8	Gujarat Fluorochemicals	Reduce	3,541	3,522
9	Gujarat Gas	Sell	404	499
10	Gujarat State Petronet	Hold	348	335
11	Hindustan Petroleum Corporation	Sell	360	437
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	205
14	Jubilant Ingrevia	Hold	743	777
15	Laxmi Organic Industries	Reduce	179	196
16	Mahanagar Gas	Accumulate	1,559	1,483
17	Mangalore Refinery & Petrochemicals	Accumulate	152	139
18	Navin Fluorine International	Accumulate	5,559	5,198
19	NOCIL	Reduce	172	200
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	Petronet LNG	Hold	311	302
23	Reliance Industries	Accumulate	1,555	1,476
24	SRF	Hold	3,071	3,150
25	Vinati Organics	Accumulate	1,882	1,944

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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