PL Capital
PRABHUDAS LILLADHER

Gujarat Fluorochemicals (FLUOROCH IN)

Rating: HOLD | CMP: Rs3,360 | TP: Rs3,434

February 13, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	**HOLD**		**HOLD**	
Target Price	**3,434**		**3,639**	
Sales (Rs. m)	60,985	67,856	61,640	68,506
% Chng.	*(1.1)*	*(0.9)*		
EBITDA (Rs. m)	16,364	18,788	17,023	19,183
% Chng.	*(3.9)*	*(2.1)*		
EPS (Rs.)	73.7	84.1	78.3	87.1
% Chng.	*(5.8)*	*(3.5)*		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	47,370	47,869	60,985	67,856
EBITDA (Rs. m)	11,570	12,805	16,364	18,788
Margin (%)	*24.4*	*26.8*	*26.8*	*27.7*
PAT (Rs. m)	5,460	6,008	8,099	9,235
EPS (Rs.)	49.7	54.7	73.7	84.1
Gr. (%)	*25.5*	*10.0*	*34.8*	*14.0*
DPS (Rs.)	1.8	2.7	3.7	4.2
Yield (%)	*0.1*	*0.1*	*0.1*	*0.1*
RoE (%)	*8.3*	*8.0*	*9.9*	*10.2*
RoCE (%)	*9.3*	*9.4*	*11.0*	*11.3*
EV/Sales (x)	8.1	8.1	6.5	5.9
EV/EBITDA (x)	33.2	30.3	24.2	21.1
PE (x)	67.6	61.4	45.6	40.0
P/BV (x)	5.1	4.7	4.3	3.9

Key Data	**GFLL.BO | FLUOROCH IN**
52-W High / Low	Rs.4,098 / Rs.2,917
Sensex / Nifty	83,675 / 25,807
Market Cap	Rs.369bn/ $ 4,074m
Shares Outstanding	110m
3M Avg. Daily Value	Rs.294.08m

Shareholding Pattern (%)

Promoter's	61.39
Foreign	4.31
Domestic Institution	12.82
Public & Others	21.48
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.9)	(2.2)	(12.5)
Relative	(2.6)	(6.2)	(20.4)

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Fluorochemicals drags performance

Quick Pointers:

- The company plans to set up a greenfield advanced battery materials project in Oman for Li-ion batteries, with an estimated investment of USD216mn.
- In Dec'25, IFC approved Rs4.3bn investment in GFL EV; another sovereign fund has approved USD82mn investment, for which documentation is underway.

FLUOROCH reported consolidated revenue from operations of Rs11.4bn, down 1% YoY and 6.1% QoQ. The Fluoropolymers segment grew 14% YoY, but declined 2.6% QoQ, impacted by the holiday season in Europe and the US, as well as demand deferment due to US tariffs on new fluoropolymers. However, PTFE was exempt from these tariffs, and post tariff reduction, this segment is expected to witness strong growth. The Fluorochemicals segment declined 33% YoY and 24% QoQ, mainly due to lower sales of R22, impacted by quota reductions and seasonality, and R125, which was affected by US tariffs. The R32 plant commenced operations this month, and capacity expected to be ramped up to 20,000mtpa by Q2FY27. The Bulk Chemicals segment reported a 6.3% sequential increase, but a 7% YoY decline, mainly due to lower prices of chloromethanes and caustic soda. The Battery Chemicals segment began contributing to topline, with FY27 and FY28 expected to be growth years.

With US tariff issues now resolved, the Fluoropolymers business is expected to lead overall growth. However, the Battery Chemicals business may take longer than anticipated to make a meaningful contribution to the topline; $LiPF_6$ is expected to be the only key contributor in FY27. The stock is currently trading at 40x FY28E EPS. We value the stock at 45x Dec'27E EPS, with TP of Rs3,434, and maintain 'HOLD' rating.

- **Revenue declines, driven by 24.4% QoQ/33% YoY drop in Fluorochemicals:** Consolidated revenue stood at Rs11.4bn, down 1% YoY/6.1% QoQ (PLe: Rs12bn, Consensus: Rs12.4bn); actual topline was 5.2% lower than our estimates. 9MFY26 revenue stood at Rs36.3bn, an increase of 3.3% YoY. GFL EV contributed Rs140mn to Q3FY26 revenue. Gross profit came in at Rs7.6bn, with a margin of 66.8% (vs. 72.2% in Q3FY25 and 71.2% in Q2FY26), contracting 440bps QoQ and 540bps YoY, due to higher raw material costs.

- **EBITDAM contracts by 590bps QoQ:** EBITDA stood at Rs2.8bn, -6.5% YoY/ -24.5% QoQ. EBITDA margin came in at 24.2% (PLe: 28.3%, Consensus: 28.7%) vs. 25.6% in Q3FY25 and 30.1% in Q2FY26. Margin contraction was led by lower realizations and volumes across a few product segments. Reported PAT stood at Rs1bn (-19% YoY/ -43% QoQ), while margins were at 9% in vs. 11% in Q3FY25 and 14.8% in Q2FY26.

- **Concall takeaways**: **(1)** Holiday season in Europe and the US led to flat performance in Fluoropolymers. **(2)** Strong growth is expected in volumes post US tariff cuts, especially in the semicon segment. **(3)** Debottlenecking initiatives have been taken for some grades of fluoropolymers; no capacity constraint as of now. **(4)** In the Fluorochemicals segment, R125 export realizations were impacted due to US tariffs. **(5)** R22 volumes were impacted due to quota reduction. **(6)** Production of R32 commenced this month. **(7)** R32 capacity is planned to be ramped up to 20,000mtpa by Q2FY27 (commissioning deferred due to a plant incident), with further possible expansion to 30,000mtpa by Dec'27 under Phase 2. **(8)** In the Bulk Chemicals segment, revenue declined due to reduction in prices of chloromethanes and caustic soda. **(9)** In Dec'25, IFC approved Rs4.3bn investment in GFL EV; another sovereign fund has approved USD82mn investment, for which documentation is in progress. **(10)** The company is setting up a greenfield advanced battery materials project in Oman for Li-ion batteries, with investment of USD216mn. **(11)** LFP (CAM) plant has stabilized, and samples have been sent to prospective customers. **(12)** Electrolyte samples have been sent to Indian cell OEMs for evaluation and qualification, mostly domestic focused. **(13)** $LiPF_6$ and some electrolytes and binders are expected to be ramped up in FY27; approval for the LFP (CAM) plant will take some time. **(14)** Order book looks healthy for the Battery Chemicals segment, and FY27 and FY28 are expected to be growth years. **(15)** The Battery Chemicals segment asset turn is expected to be 2x and EBITDAM, 25%.

Exhibit 1: Q3FY26 Result Overview - Consolidated (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	**11,360**	**11,480**	***(1.0)***	**11,980**	***(5.2)***	**12,100**	***(6.1)***	**36,270**	**35,120**	***3.3***
Gross Profit	7,590	8,290	*(8.4)*	8,390	*(9.5)*	8,610	*(11.8)*	24,540	24,120	*1.7*
Margin (%)	*66.8*	*72.2*		*70.0*		*71.2*		*67.7*	*68.7*	*(1.5)*
EBITDA	**2,750**	**2,940**	***(6.5)***	**3,392**	***(18.9)***	**3,640**	***(24.5)***	**9,830**	**8,510**	***15.5***
Margin (%)	*24.2*	*25.6*		*28.3*		*30.1*		*27*	*24*	
Other Income	70	140	*(50.0)*	163	*(56.9)*	60	*16.7*	360	320	*12.5*
Depreciation	890	910	*(2.2)*	933	*(4.6)*	910	*(2.2)*	2,700	2,660	*1.5*
EBIT	**1,930**	**2,170**	***(11.1)***	**2,622**	***(26.4)***	**2,790**	***(30.8)***	**7,490**	**6,170**	***21.4***
Interest	330	420	*(21.4)*	337		330	-	960	1,210	*(20.7)*
PBT before exceptional items	**1,600**	**1,750**	***(8.6)***	**2,285**	***(30.0)***	**2,460**	***(35.0)***	**6,530**	**4,960**	***31.7***
Total Tax	410	490	*(16.3)*	578	*(29.0)*	670	*(38.8)*	1,710	1,410	*21.3*
ETR (%)	*25.6*	*28.0*		*25.3*		*27.2*		*26.2*	*28.4*	
Adj. PAT	**1,190**	**1,260**	***(5.6)***	**1,707**	***(30.3)***	**1,790**	***(33.5)***	**4,820**	**3,550**	***35.8***
Exceptional Items	-170	0		0		0		-170	0	
PAT	**1,020**	**1,260**	***(19.0)***	**1,707**	***(40.3)***	**1,790**	***(43.0)***	**4,650**	**3,550**	***31.0***

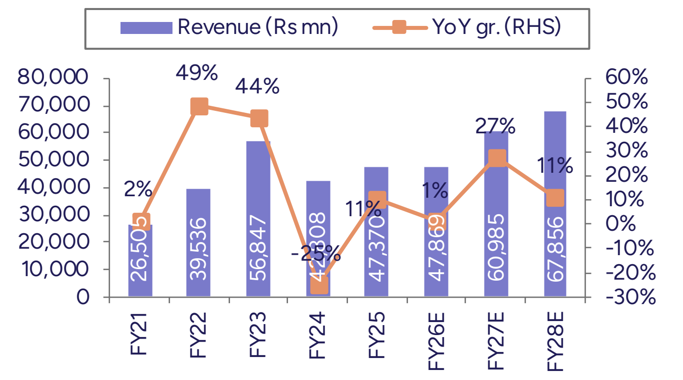
Source: Company, PL

Exhibit 2: Segmental Revenue (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr.	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
Bulk Chemicals	1,680	1,810	*-7.2%*	1,580	*6.3%*	4,740	5,040	*-5.9%*
Fluoro Chemicals	1,950	2,930	*-33.4%*	2,580	*-24.4%*	7,550	8,940	*-15.5%*
Fluoropolymers	7,440	6,510	*14.3%*	7,640	*-2.6%*	23,060	20,420	*12.9%*
Others	290	230	*26.1%*	300	*-3.3%*	920	720	*27.7%*
Total Revenue	**11,360**	**11,480**	*-1.0%*	**12,100**	***-6.1%***	**36,270**	**35,120**	***3.2%***

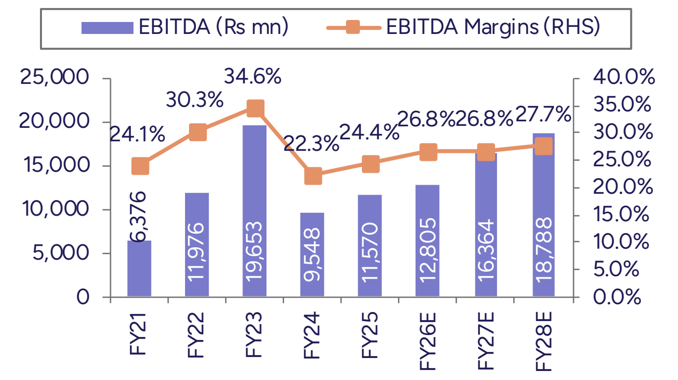
Source: Company, PL

Exhibit 3: Revenue to grow at 11% in FY28E



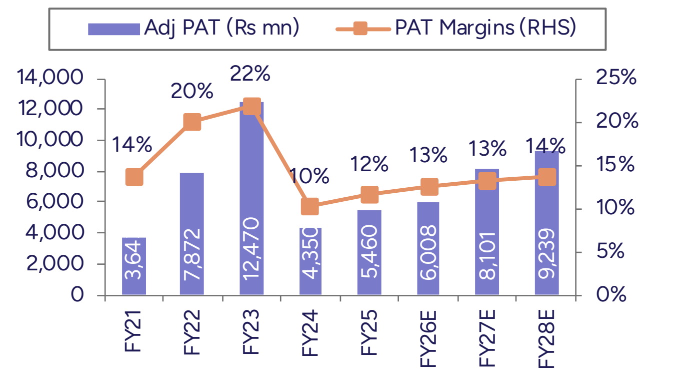
Source: Company, PL

Exhibit 4: EBITDAM to improve in FY25-28E



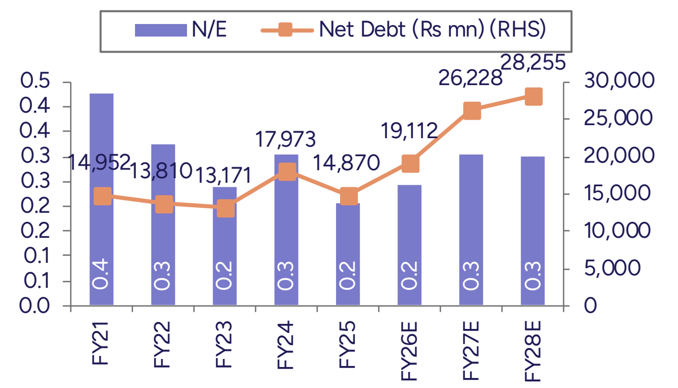
Source: Company, PL

Exhibit 5: PAT margin to rise to 14% in FY28E



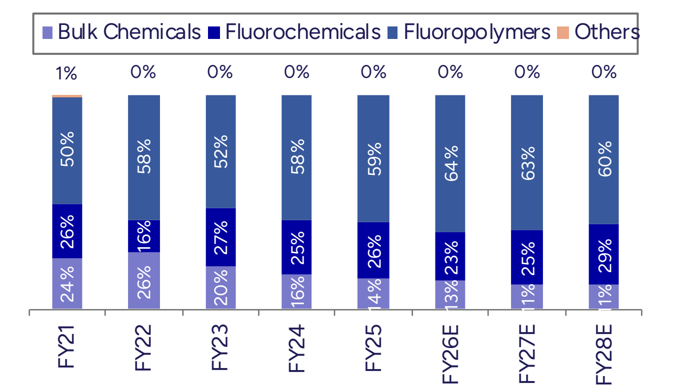
Source: Company, PL

Exhibit 6: D/E to be at 0.3x



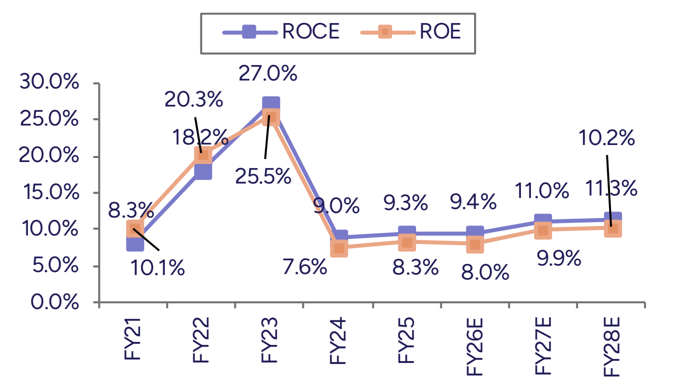
Source: Company, PL

Exhibit 7: Fluoropolymer contribution strong



Source: Company, PL

Exhibit 8: Return ratios to stay at 10-11%



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**47,370**	**47,869**	**60,985**	**67,856**
YoY gr. (%)	*10.7*	*1.1*	*27.4*	*11.3*
Cost of Goods Sold	15,130	15,578	18,904	20,494
Gross Profit	32,240	32,291	42,081	47,362
Margin (%)	*68.1*	*67.5*	*69.0*	*69.8*
Employee Cost	4,330	4,785	5,287	5,842
Other Expenses	16,340	14,701	20,430	22,732
EBITDA	**11,570**	**12,805**	**16,364**	**18,788**
YoY gr. (%)	*21.2*	*10.7*	*27.8*	*14.8*
Margin (%)	*24.4*	*26.8*	*26.8*	*27.7*
Depreciation and Amortization	3,550	3,626	4,333	4,939
EBIT	**8,020**	**9,180**	**12,031**	**13,849**
Margin (%)	*16.9*	*19.2*	*19.7*	*20.4*
Net Interest	1,470	1,315	1,587	1,869
Other Income	580	480	500	500
Profit Before Tax	**7,130**	**8,345**	**10,944**	**12,480**
Margin (%)	*15.1*	*17.4*	*17.9*	*18.4*
Total Tax	1,670	2,337	2,845	3,245
Effective tax rate (%)	*23.4*	*28.0*	*26.0*	*26.0*
Profit after tax	**5,460**	**6,008**	**8,099**	**9,235**
Minority interest	-	-	-	-
Share Profit from Associate	0	0	0	0
Adjusted PAT	**5,460**	**6,008**	**8,099**	**9,235**
YoY gr. (%)	*25.5*	*10.0*	*34.8*	*14.0*
Margin (%)	*11.5*	*12.6*	*13.3*	*13.6*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**5,460**	**6,008**	**8,099**	**9,235**
YoY gr. (%)	*25.5*	*10.0*	*34.8*	*14.0*
Margin (%)	*11.5*	*12.6*	*13.3*	*13.6*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,460	6,008	8,099	9,235
Equity Shares O/s (m)	**110**	**110**	**110**	**110**
EPS (Rs)	**49.7**	**54.7**	**73.7**	**84.1**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	**63,796**	**79,796**	**91,796**	**1,03,796**
Tangibles	60,279	76,279	88,279	1,00,279
Intangibles	3,517	3,517	3,517	3,517
Acc: Dep / Amortization	**20,506**	**24,132**	**28,465**	**33,403**
Tangibles	19,849	23,475	27,808	32,746
Intangibles	657	657	657	657
Net fixed assets	**43,290**	**55,664**	**63,332**	**70,393**
Tangibles	40,430	52,804	60,472	67,533
Intangibles	2,860	2,860	2,860	2,860
Capital Work In Progress	15,240	15,240	15,240	15,240
Goodwill	-	-	-	-
Non-Current Investments	4,670	4,670	4,670	4,670
Net Deferred tax assets	(2,340)	(2,340)	(2,340)	(2,340)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	2,790	2,790	2,790	2,790
Inventories	18,200	17,049	21,721	24,168
Trade receivables	11,970	10,492	13,367	14,873
Cash & Bank Balance	2,220	2,043	1,761	2,626
Other Current Assets	-	-	-	-
Total Assets	**1,06,090**	**1,15,740**	**1,32,789**	**1,45,778**
Equity				
Equity Share Capital	110	110	110	110
Other Equity	72,420	78,128	85,822	94,595
Total Networth	**72,530**	**78,238**	**85,932**	**94,705**
Non-Current Liabilities				
Long Term borrowings	3,970	4,470	5,970	6,070
Provisions	610	610	610	610
Other non current liabilities	890	890	890	890
Current Liabilities				
ST Debt / Current of LT Debt	15,910	19,476	24,812	27,607
Trade payables	6,060	5,902	7,519	8,366
Other current liabilities	3,260	3,294	4,197	4,670
Total Equity & Liabilities	**1,06,090**	**1,15,740**	**1,32,789**	**1,45,778**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	7,130	8,345	10,944	12,480
Add. Depreciation	3,550	3,626	4,333	4,939
Add. Interest	1,470	1,315	1,587	1,869
Less Financial Other Income	580	480	500	500
Add. Other	(670)	(480)	(500)	(500)
Op. profit before WC changes	11,480	12,806	16,364	18,788
Net Changes-WC	(4,150)	2,422	(7,214)	(3,779)
Direct tax	(1,880)	(2,334)	(2,776)	(3,208)
Net cash from Op. activities	**5,450**	**12,893**	**6,374**	**11,801**
Capital expenditures	(8,170)	(16,000)	(12,000)	(12,000)
Interest / Dividend Income	200	480	500	500
Others	(3,230)	-	-	-
Net Cash from Invt. activities	**(11,200)**	**(15,520)**	**(11,500)**	**(11,500)**
Issue of share cap. / premium	8,380	0	-	-
Debt changes	(90)	4,066	6,836	2,895
Dividend paid	(330)	(300)	(405)	(462)
Interest paid	(1,800)	(1,315)	(1,587)	(1,869)
Others	(170)	-	-	-
Net cash from Fin. activities	**5,990**	**2,450**	**4,844**	**564**
Net change in cash	**240**	**(177)**	**(282)**	**865**
Free Cash Flow	(2,740)	(3,107)	(5,626)	(199)

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	**12,250**	**12,810**	**12,100**	**11,360**
YoY gr. (%)	*8.1*	*8.9*	*1.9*	*(1.0)*
Raw Material Expenses	4,130	4,470	3,490	3,770
Gross Profit	8,120	8,340	8,610	7,590
Margin (%)	*66.3*	*65.1*	*71.2*	*66.8*
EBITDA	**3,060**	**3,440**	**3,640**	**2,750**
YoY gr. (%)	*28.8*	*31.3*	*23.4*	*(6.5)*
Margin (%)	*25.0*	*26.9*	*30.1*	*24.2*
Depreciation / Depletion	890	900	910	890
EBIT	**2,170**	**2,540**	**2,730**	**1,860**
Margin (%)	*17.7*	*19.8*	*22.6*	*16.4*
Net Interest	260	300	330	330
Other Income	260	230	60	70
Profit before Tax	**2,170**	**2,470**	**2,460**	**1,430**
Margin (%)	*17.7*	*19.3*	*20.3*	*12.6*
Total Tax	260	630	670	410
Effective tax rate (%)	*12.0*	*25.5*	*27.2*	*28.7*
Profit after Tax	**1,910**	**1,840**	**1,790**	**1,020**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**1,910**	**1,840**	**1,790**	**1,190**
YoY gr. (%)	*89.2*	*70.4*	*47.9*	*(5.6)*
Margin (%)	*15.6*	*14.4*	*14.8*	*10.5*
Extra Ord. Income / (Exp)	-	-	-	(170)
Reported PAT	**1,910**	**1,840**	**1,790**	**1,020**
YoY gr. (%)	*89.2*	*70.4*	*47.9*	*(19.1)*
Margin (%)	*15.6*	*14.4*	*14.8*	*9.0*
Other Comprehensive Income	4	150	-	-
Total Comprehensive Income	**1,914**	**1,990**	**1,790**	**1,020**
Avg. Shares O/s (m)	110	110	110	110
EPS (Rs)	**17.4**	**16.7**	**16.3**	**10.8**

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	49.7	54.7	73.7	84.1
CEPS	82.0	87.7	113.2	129.0
BVPS	660.3	712.2	782.3	862.1
FCF	(24.9)	(28.3)	(51.2)	(1.8)
DPS	1.8	2.7	3.7	4.2
Return Ratio(%)				
RoCE	9.3	9.4	11.0	11.3
ROIC	7.5	7.2	8.5	8.7
RoE	8.3	8.0	9.9	10.2
Balance Sheet				
Net Debt : Equity (x)	0.2	0.2	0.3	0.3
Net Working Capital (Days)	186	165	165	165
Valuation(x)				
PER	67.6	61.4	45.6	40.0
P/B	5.1	4.7	4.3	3.9
P/CEPS	41.0	38.3	29.7	26.0
EV/EBITDA	33.2	30.3	24.2	21.1
EV/Sales	8.1	8.1	6.5	5.9
Dividend Yield (%)	0.1	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-Jan-26	Hold	3,639	3,485
2	11-Nov-25	Hold	3,637	3,480
3	07-Oct-25	Hold	3,742	3,643
4	05-Aug-25	Hold	3,580	3,486
5	07-Jul-25	Reduce	3,541	3,522
6	27-May-25	Reduce	3,541	3,988
7	08-Apr-25	Reduce	3,328	3,671

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	466	430
2	Bharat Petroleum Corporation	Accumulate	406	373
3	Bharti Airtel	Accumulate	2,313	2,038
4	Clean Science and Technology	Hold	841	861
5	Deepak Nitrite	Hold	1,729	1,626
6	Fine Organic Industries	BUY	5,103	4,274
7	GAIL (India)	BUY	190	160
8	Gujarat Fluorochemicals	Hold	3,639	3,485
9	Gujarat Gas	Accumulate	422	399
10	Gujarat State Petronet	Hold	296	303
11	Hindustan Petroleum Corporation	Accumulate	457	428
12	Indian Oil Corporation	Accumulate	195	176
13	Indraprastha Gas	Hold	196	190
14	Jubilant Ingrevia	Hold	657	626
15	Laxmi Organic Industries	Reduce	125	143
16	Mahanagar Gas	Accumulate	1,305	1,181
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	7,038	6,598
19	NOCIL	Hold	152	148
20	Oil & Natural Gas Corporation	BUY	307	242
21	Oil India	Accumulate	527	479
22	Petronet LNG	Hold	281	295
23	Reliance Industries	BUY	1,683	1,458
24	SRF	Hold	2,894	2,883
25	Vinati Organics	Accumulate	1,671	1,496

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

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