

Gujarat Fluorochemicals | REDUCE

PTFE anti-dumping duty to lift fluoropolymers outlook

The Directorate General of Trade Remedies (DGTR) has recommended imposition of anti-dumping duty (ADD) on PTFE imported into India, especially from China and Russia, for a period of 5 years. This is likely to majorly benefit Gujarat Fluorochemicals as it holds ~40-45% market share in the domestic PTFE market, as per our understanding. Of GFL's overall sales in FY25, PTFE sales accounted for ~30-35% (domestic PTFE sales is ~10% of overall sales). Of the imposed ADD of ~USD 2.8-5.9/kg, we expect benefit of USD 3.0-3.5/kg for GFL. This is likely to result in a benefit of INR 0.8bn-1.0bn in FY27-28, translating into 3-4%/4-7% upward revision in our current EBITDA/EPS estimates. We, however, have not considered any impact from the recent fire incident at one of the company's plants. This, along with any delay in ramp-up of EV battery chemicals are key downside risks to our estimates. We change our rating from Hold in our previous rating system to REDUCE in the new rating system.

- **ADD on PTFE for a period 5 years:** DGTR has recommended imposition of ADD on PTFE imported into India, especially from China and Russia, for a period of 5 years. ADD on PTFE imports (except from Chemours and Zhonghao) will be ~USD 2.8-5.9/kg (refer **Exhibit 1**), depending on the country and manufacturer. India imported ~4.5KT of PTFE (of which ~3.6KT was from China and Russia) in FY24 (refer **Exhibit 2**).
- **GFL, which holds 40-45% share in domestic PTFE market of ~9.5-10.5KTPA, to benefit:** GFL has PTFE capacity of ~24,000MTPA. As per our understanding, in FY25 its PTFE capacity utilisation was ~70-72%, taking the total sales volume to ~17-18KTPA. Of the total sales volume, GFL's domestic sales volume is likely to have been ~20-25%, or ~3.5-4.5KTPA. Besides this, SRF has PTFE capacity of ~5KTPA, which operated at ~50% utilisation. In our view, SRF's domestic sales were around ~1.4-1.8KT in FY25. Hence, the domestic PTFE market comes out to ~9.5-10.5KTPA (~4.5KTPA imports, ~3.5-4.5KTPA sales of GFL, and ~1.4-1.8 KTPA sales of SRF). Given SRF is in the ramp-up mode, GFL could face competition from SRF in the domestic market. Hence, the benefit of ADD for GFL might not be on the entire volume. Assuming Gujarat Fluorochemicals gets ADD benefit of ~ USD 3-3.5/kg on ~3KTPA of volume, its benefit could be INR 0.8bn-1.0bn.
- **Revise rating to 'REDUCE' as per new rating system with a revised TP of INR 3,780:** For GFL, we now bake in EBITDA benefit of ~ INR 380mn/ 880mn/ 1.1bn in FY26E/27E/28E. This translates to upward revision of ~3-4% in our FY26-28 EBITDA estimates and a 4-7% upward revision to our FY26-28E EPS estimates. We now estimate GFL to register 29%/30% EBITDA/EPS CAGR over FY25-28E. Factoring this in, our SoTP-based Sep'26 TP is revised upwards to INR 3,780 (from INR 3,645 earlier). In FY27-28, we highlight that there is 6%/14% of overall EBITDA baked in from the EV battery chemicals where there could be potential ramp-up delays. This along with any potential delay from the recent fire incident at one of its plants could result in earnings cuts. Hence, we expect the stock to be range-bound in the near term. We change our rating from Hold in our previous rating system to **REDUCE** in the new rating system.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	42,808	47,370	56,769	74,586	89,448
Sales Growth (%)	-24.7	10.7	19.8	31.4	19.9
EBITDA	9,074	11,570	15,513	20,794	24,775
EBITDA Margin (%)	21.2	24.4	27.3	27.9	27.7
Adjusted Net Profit	4,350	5,460	7,504	10,161	11,919
Diluted EPS (INR)	39.6	49.6	68.2	92.4	108.4
Diluted EPS Growth (%)	-67.3	25.4	37.4	35.4	17.3
ROIC (%)	6.2	7.4	8.6	10.6	10.9
ROE (%)	7.6	8.3	9.9	12.0	12.5
P/E (x)	98.2	78.3	57.0	42.1	35.9
P/B (x)	7.2	5.9	5.4	4.8	4.2
EV/EBITDA (x)	49.1	38.2	28.8	21.8	18.5
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1

Source: Company data, JM Financial. Note: Valuations as of 22/Sep/2025



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Recommendation and Price Target

Current Reco.	REDUCE
Previous Reco.	HOLD
Current Price Target (12M)	3,780
Upside/(Downside)	-2.8%
Previous Price Target	3,645
Change	3.7%

Key Data – FLUOROCH IN

Current Market Price	INR3,888
Market cap (bn)	INR427.1/US\$4.8
Free Float	39%
Shares in issue (mn)	109.9
Diluted share (mn)	110.0
3-mon avg daily val (mn)	INR684.8/US\$7.8
52-week range	4,881/3,100
Sensex/Nifty	82,626/25,327
INR/US\$	88.1

Price Performance

%	1M	6M	12M
Absolute	12.2	-3.5	-10.4
Relative*	10.4	-10.2	-8.3

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. PTFE anti-dumping duty is ~USD 2.9-5.9/kg

Producer	Country of origin	Country of export	Duty (USD/MT)
Shandong Dongyue Polymer Material Co., Ltd	China	Any country including China	2,884
Shaowu Yonghe Jintang New Materials Co., Ltd.	China	Any country including China	5,207
The Chemours (Changshu) Fluoro Technology Company Limited	China	Any country including China	-
Zhonghao Chenguang Research Institute of Chemical Industry Co., Ltd.	China	Any country including China	-
Other producers from China	China	Any country including China	5,934
Any	Any country other than China and Russia	China	5,934
Any	Russia	Any country including Russia	4,579
Any	Any country other than China and Russia	Russia	4,579

Source: Industry, JM Financial

Exhibit 2. India imported ~4.5KT of PTFE (~3.6KT from China and Russia) in FY24

Import Volume (MT)	FY21	FY22	FY23	FY24
Imports from China	765	992	1,493	2,206
Un-dumped imports from China				
Imports from Russia	866	780	1,170	1,440
Imports from subject countries (China and Russia)	1,631	1,771	2,663	3,645
Imports from other countries	905	1,012	964	805
Total import volume	2,536	2,783	3,627	4,451

Source: Industry, JM Financial

Exhibit 3. Volume of imports from China and Russia

In MT	FY21	FY22	FY23	FY24
PTFE	1,294	1,078	1,570	1,971
PT-PTFE	82	317	352	414
D-PTFE	243	366	712	1,033
A-PTFE	11	7	27	213
C-PTFE	1	3	2	16
Total Volume of imports from China and Russia	1,631	1,771	2,663	3,645

Source: Industry, JM Financial

Exhibit 4. Price undercutting had gone upto 70% in certain PTFE grades

FY24 imports	PTFE	PT-PTFE	D-PTFE	A-PTFE	C-PTFE	Overall
China PR						
Import volume (MT)	795	164	1,018	213	16	2,206
Landed price (INR/MT)	507,293	699,934	864,987	532,006	1,085,404	693,276
Price undercutting (%)	0-10	0-10	0-10	90-100	Negative	5-15
Russia						
Import volume (MT)	1,176	249	14			1,440
Landed price (INR/MT)	501,450	575,693	544,542			514,732
Price undercutting (%)	5-15	25-35	60-70			10-20

Source: Industry, JM Financial

Assumptions and Estimates

Exhibit 5. Key assumptions

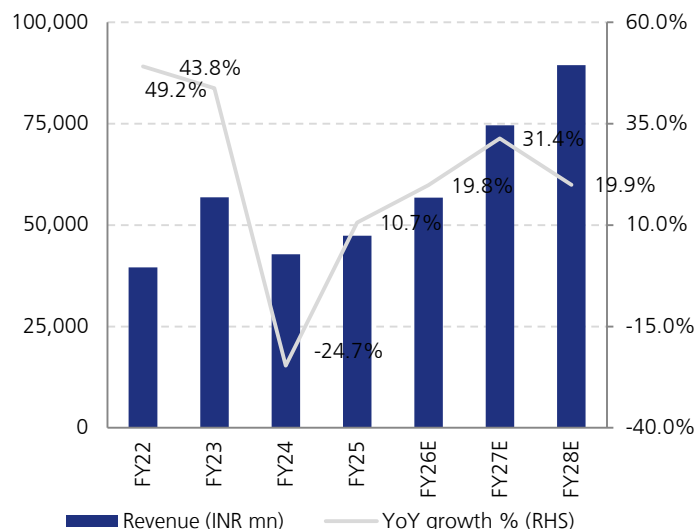
INR mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Bulk Chemicals	8,220	6,670	6,000	9,900	10,820	6,910	6,710	7,943	8,423	8,013
Fluorochemicals	5,630	6,150	6,580	6,890	15,220	10,640	12,200	12,464	14,354	16,259
Fluoropolymers	12,610	11,080	12,630	21,860	29,800	24,380	27,500	35,499	45,697	51,201
Battery Chemicals	0	0	0	0	0	0	0	863	6,113	13,976
Others	765	1,917	1,009	886	1,007	878	960			
Total	27,225	25,817	26,219	39,536	56,847	42,808	47,370	56,769	74,586	89,448
Segment-wise revenue contribution (%)										
Bulk Chemicals	30%	26%	23%	25%	19%	16%	14%	14%	11%	9%
Fluorochemicals	21%	24%	25%	17%	27%	25%	26%	22%	19%	18%
Fluoropolymers	46%	43%	48%	55%	52%	57%	58%	63%	61%	57%
Battery Chemicals	0%	0%	0%	0%	0%	0%	0%	2%	8%	16%
Others	3%	7%	4%	2%	2%	2%	2%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, JM Financial

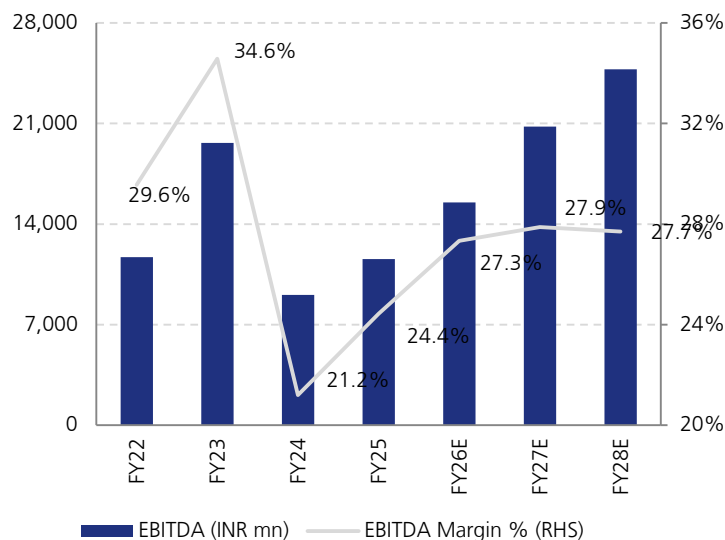
Exhibit 6. Changes in estimates

	New	Old	Difference
EBITDA (INR Mn)			
FY26	15,513	15,133	2.5%
FY27	20,794	19,910	4.4%
FY28	24,775	23,721	4.4%
PAT (INR Mn)			
FY26	7,504	7,211	4.1%
FY27	10,161	9,558	6.3%
FY28	11,919	11,185	6.6%
EPS (INR)			
FY26	68	66	4.1%
FY27	93	87	6.3%
FY28	109	102	6.6%

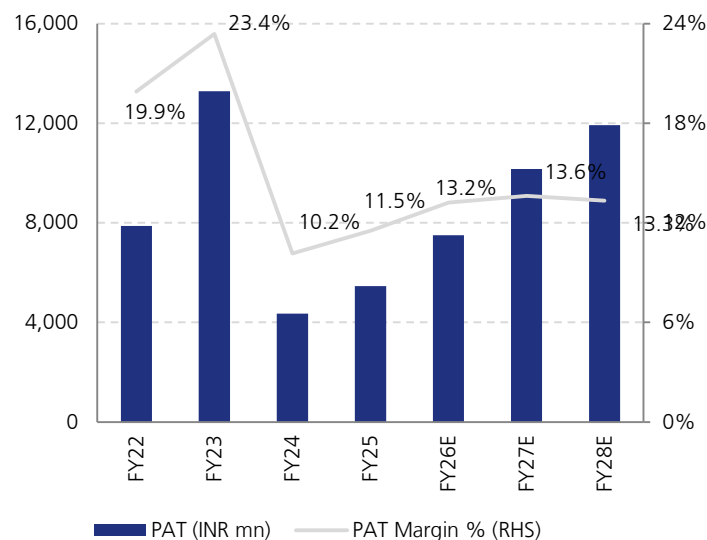
Source: JM Financial

Exhibit 7. Sales likely to see 24% CAGR over FY25-28E

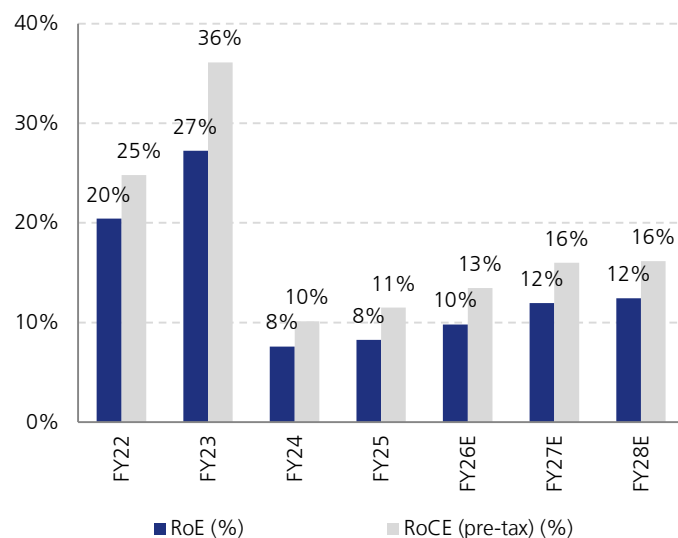
Source: Company, JM Financial

Exhibit 8. EBITDA likely see 29% CAGR over FY25-28E

Source: Company, JM Financial

Exhibit 9. PAT likely see 30% CAGR over FY25-28E

Source: Company, JM Financial

Exhibit 10. RoCE/RoE likely to reach 16%/12% by FY28E

Source: Company, JM Financial

Valuation

Exhibit 11. Our Sep'26 TP for GFL stands at INR 3,780/share

Segments	EBITDA (INR mn)	Multiple (x)	Methodology	Valuation (INR mn)	Value per share (INR)
Base Business (A)	20,426	15		306,392	2,790
*Battery Chemicals Business (B)	15,471	12	12x FY30E EBITDA discounted to Sep'27	137,914	1,256
Enterprise value (A) + (B)				444,306	4,046
Less: Net Debt/(cash)				29,219	266
Equity value				415,086	3,780
Sep'27E consolidated EPS	-	-			100.5
Implied EV/EBITDA multiple (x)	-	-			20
Implied P/E multiple (x)	-	-			38

Source: JM Financial; *Note: excluded ~4% minority interest from Mar'30 battery chemicals EBITDA

Exhibit 12. GFL is currently trading at ~25x 1-year forward consensus EV/EBITDA multiple



Source: Bloomberg, JM Financial

Exhibit 13. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
SRF	BUY	2,914	3,510	69.0	44.2	32.5	30.5	6.8	6.1	5.3	4.6	33.1	25.0	19.4	17.0	10.4	14.5	17.3	16.1
PI Industries	HOLD	3,666	3,920	33.6	33.1	29.5	26.3	5.5	4.8	4.2	3.7	23.9	21.8	19.2	17.0	17.5	15.5	15.2	15.0
Deepak Nitrite	BUY	1,811	2,265	35.3	31.2	24.9	23.6	4.5	4.0	3.5	3.1	23.1	20.8	16.4	15.3	13.6	13.7	15.0	14.0
Clean Science	BUY	1,142	1,780	45.9	36.5	28.4	22.9	8.6	7.0	5.6	4.5	30.4	25.5	19.4	15.4	20.2	21.0	21.9	22.0
Navin Fluorine	BUY	4,715	6,050	81.0	48.1	38.7	32.1	8.9	6.2	5.5	4.9	45.4	29.0	25.0	20.6	11.5	15.2	15.1	16.1
Fine Organic	SELL	4,841	4,070	36.2	37.1	37.3	34.0	6.5	5.7	5.0	4.5	27.1	27.4	25.4	21.6	19.5	16.3	14.3	14.0
Galaxy Surfactants	HOLD	2,340	2,515	27.2	25.0	22.9	21.6	3.5	3.2	3.0	2.7	16.4	15.2	13.9	12.8	13.4	13.5	13.6	13.2
PCBL Chemical	HOLD	403	430	35.0	27.9	21.9	19.2	4.1	3.8	3.4	3.0	15.1	14.0	12.2	11.1	12.5	14.1	16.2	16.4
Aether Industries	BUY	753	1,030	58.8	50.3	33.4	25.4	4.5	4.1	3.6	3.2	41.3	30.0	22.6	17.2	7.9	8.5	11.5	13.4
Acutaas Chemicals	BUY	1,466	1,500	74.8	50.8	38.5	31.6	9.2	7.9	6.6	5.5	50.7	35.3	26.5	21.6	16.2	16.7	18.6	19.0
Anupam Rasayan	SELL	1,085	680	127.8	97.3	58.4	40.7	4.2	3.8	3.5	3.2	33.3	26.7	21.5	17.6	3.3	4.1	6.3	8.3
Archean Chemicals	HOLD	696	635	42.5	29.1	18.5	14.4	4.6	4.1	3.4	2.8	27.1	18.5	12.2	9.3	11.3	14.8	19.9	21.1
Tatva Chintan Pharma Chem	SELL	1,100	535	450.2	97.2	70.5	56.3	3.5	3.4	3.2	3.1	75.8	36.9	28.6	24.8	0.8	3.5	4.7	5.6
Paradeep Phosphates	SELL	178	175	26.3	17.6	15.3	15.1	3.6	3.0	2.5	2.1	14.3	10.5	9.3	8.9	14.4	18.4	17.6	15.2
Gujarat Fluorochemicals	REDUCE	3,888	3,780	78.3	57.0	42.1	35.9	5.9	5.4	4.8	4.2	38.2	28.8	21.8	18.5	8.3	9.9	12.0	12.5

Source: Companies, JM Financial; Note: Old rating system followed for all companies except Navin Fluorine, Gujarat Fluorochemicals

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	42,808	47,370	56,769	74,586	89,448
Sales Growth	-24.7%	10.7%	19.8%	31.4%	19.9%
Other Operating Income	0	0	0	0	0
Total Revenue	42,808	47,370	56,769	74,586	89,448
Cost of Goods Sold/Op. Exp	14,533	15,130	18,847	24,688	29,518
Personnel Cost	3,504	4,330	4,598	5,594	6,709
Other Expenses	15,697	16,340	17,811	23,510	28,447
EBITDA	9,074	11,570	15,513	20,794	24,775
EBITDA Margin	21.2%	24.4%	27.3%	27.9%	27.7%
EBITDA Growth	-53.8%	27.5%	34.1%	34.0%	19.1%
Depn. & Amort.	2,861	3,550	4,984	5,959	7,084
EBIT	6,213	8,020	10,529	14,835	17,691
Other Income	1,069	580	800	400	300
Finance Cost	1,331	1,470	1,584	2,039	2,512
PBT before Excep. & Forex	5,951	7,130	9,745	13,196	15,479
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	5,951	7,130	9,745	13,196	15,479
Taxes	1,601	1,670	2,241	3,035	3,560
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,350	5,460	7,504	10,161	11,919
Adjusted Net Profit	4,350	5,460	7,504	10,161	11,919
Net Margin	10.2%	11.5%	13.2%	13.6%	13.3%
Diluted Share Cap. (mn)	109.9	110.0	110.0	110.0	110.0
Diluted EPS (INR)	39.6	49.6	68.2	92.4	108.4
Diluted EPS Growth	-67.3%	25.4%	37.4%	35.4%	17.3%
Total Dividend + Tax	220	330	329	329	329
Dividend Per Share (INR)	2.0	3.0	3.0	3.0	3.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	5,951	7,130	9,745	13,196	15,479
Depn. & Amort.	2,861	3,550	4,984	5,959	7,084
Net Interest Exp. / Inc. (-)	1,054	1,270	784	1,639	2,212
Inc (-) / Dec in WCap.	-1,440	-4,150	-4,784	-9,068	-7,565
Others	-214	-470	0	0	0
Taxes Paid	-1,949	-1,880	-2,241	-3,035	-3,560
Operating Cash Flow	6,264	5,450	8,488	8,691	13,650
Capex	-9,666	-8,700	-12,000	-14,000	-16,000
Free Cash Flow	-3,402	-3,250	-3,512	-5,309	-2,350
Inc (-) / Dec in Investments	2	-2,710	0	0	0
Others	0	210	800	400	300
Investing Cash Flow	-9,665	-11,200	-11,200	-13,600	-15,700
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-220	-330	-329	-329	-329
Inc / Dec (-) in Loans	5,191	-90	5,500	7,500	6,000
Others	-1,495	6,410	-1,584	-2,039	-2,512
Financing Cash Flow	3,476	5,990	3,587	5,132	3,159
Inc / Dec (-) in Cash	75	236	874	222	1,109
Opening Cash Balance	240	314	550	1,425	1,647
Closing Cash Balance	314	550	1,425	1,647	2,756

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	59,363	72,530	79,704	89,536	1,01,126
Share Capital	110	110	110	110	110
Reserves & Surplus	59,254	72,420	79,594	89,426	1,01,016
Preference Share Capital	0	0	0	0	0
Minority Interest	0	460	460	460	460
Total Loans	19,958	19,880	25,380	32,880	38,880
Def. Tax Liab. / Assets (-)	2,654	2,340	2,340	2,340	2,340
Total - Equity & Liab.	81,976	95,210	1,07,884	1,25,216	1,42,806
Net Fixed Assets	53,522	58,060	65,076	73,118	82,034
Gross Fixed Assets	56,663	60,449	72,449	86,449	1,02,449
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	15,979	19,529	24,512	30,471	37,554
Capital WIP	10,913	15,240	15,240	15,240	15,240
Investments	1,670	4,460	4,460	4,460	4,460
Current Assets	37,139	43,510	50,370	61,940	72,515
Inventories	15,713	18,200	21,811	28,657	34,367
Sundry Debtors	8,446	11,970	14,345	18,847	22,603
Cash & Bank Balances	314	550	1,425	1,647	2,756
Loans & Advances	273	250	250	250	250
Other Current Assets	12,393	12,540	12,540	12,540	12,540
Current Liab. & Prov.	10,355	10,820	12,022	14,302	16,203
Current Liabilities	6,198	6,950	8,152	10,432	12,333
Provisions & Others	4,157	3,870	3,870	3,870	3,870
Net Current Assets	26,784	32,690	38,348	47,638	56,312
Total - Assets	81,976	95,210	1,07,884	1,25,216	1,42,806

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	10.2%	11.5%	13.2%	13.6%	13.3%
Asset Turnover (x)	0.5	0.5	0.6	0.6	0.7
Leverage Factor (x)	1.4	1.4	1.4	1.4	1.4
RoE	7.6%	8.3%	9.9%	12.0%	12.5%

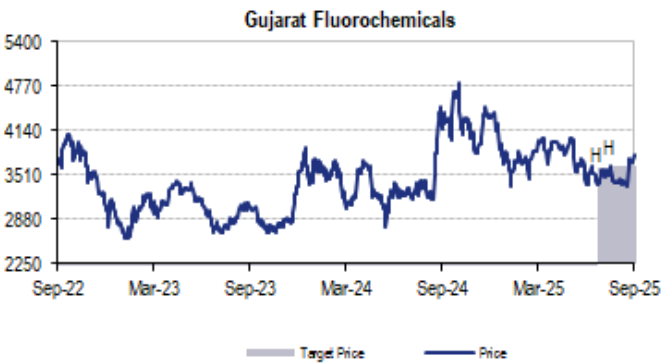
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	540.4	659.4	724.6	814.0	919.3
ROIC	6.2%	7.4%	8.6%	10.6%	10.9%
ROE	7.6%	8.3%	9.9%	12.0%	12.5%
Net Debt/Equity (x)	0.3	0.2	0.2	0.3	0.3
P/E (x)	98.2	78.3	57.0	42.1	35.9
P/B (x)	7.2	5.9	5.4	4.8	4.2
EV/EBITDA (x)	49.1	38.2	28.8	21.8	18.5
EV/Sales (x)	10.4	9.3	7.9	6.1	5.1
Debtor days	72	92	92	92	92
Inventory days	134	140	140	140	140
Creditor days	56	62	64	65	65

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
11-Jul-25	Hold	3,600	
5-Aug-25	Hold	3,645	1.3

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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