



“SRF Limited
Q3 & 9M FY26 Earnings Conference Call”
January 20, 2026



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MODERATOR: **MR. ANKUR PERIWAL** – AXIS CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to the SRF Limited's Q3 & 9M FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankur Periwal from Axis Capital. Thank you, and over to you, sir.

Ankur Periwal: Good afternoon everyone for joining in SRF's Q3 and 9 Months FY26 Post Results Earnings Call. The management team will be represented by Mr. Ashish Bharat Ram, Chairman and Managing Director. The call will start with a brief management discussion on the earnings performance, followed by an interactive Q&A session.

I would now like to invite Ms. Nitika Dhawan, Head of Corporate Communications at SRF Limited, to initiate proceedings for the results con call. Over to you, ma'am, and thank you.

Nitika Dhawan: Good evening, everyone, and welcome to SRF Limited's Quarter 3 and 9 Months Financial Year 2026 Results Conference Call. Joining us today is our Chairman and Managing Director, Mr. Ashish Bharat Ram. He will begin by sharing key highlights from our performance, covering developments across our businesses and financial performance.

Following his remarks, we will open the floor for a question-and-answer session with him. Please note that any forward-looking statements made during the call are subject to the disclaimer included in the earnings presentation shared earlier.

With that, I invite our CMD, Mr. Ashish Bharat Ram, to deliver his opening remarks. Thank you.

Ashish Bharat Ram: Thank you, Nitika. Good evening everyone, and thank you for joining us today. I trust all of you have had the opportunity to go through our results and the presentation shared with you earlier.

As we review our performance for quarter 3 financial year '26, I want to begin by acknowledging the resilience and agility our teams have demonstrated in navigating a dynamic and challenging environment. While the quarter presented its share of headwinds, we remain steadfast in our strategy and remain confident about the opportunities ahead.

I'm pleased to share that during quarter 3 financial year '26, SRF delivered healthy performance across its key business segments, along with a much-improved bottom line. Despite ongoing global uncertainties, our focus on operational excellence, disciplined cost management and innovation helped us maintain steady momentum.

Our gross operating revenue grew 6% to INR3,713 crore and EBIT was up by 23% year-on-year from INR529 crore to INR653 crore over the current period last year, reflecting a margin

of 18%. PAT expanded by 60% year-on-year to INR433 crore.

Coming to the Chemicals Business. Our Chemicals Business reported a revenue growth of 22%, increasing from INR1,496 crore in quarter 3 financial year '25 to INR1,825 crore in quarter 3 financial year '26. This performance was driven by higher refrigerant volumes realizations, while enhanced operational efficiencies across both the Fluorochemicals and Specialty Chemicals segments contributed to the overall performance.

In our Specialty Chemicals business, we have significantly enhanced our product mix and achieved notable improvements in operational efficiencies and process innovations over the past year, demonstrating our commitment to long-term competitiveness and sustainability. However, these advancements have not fully reflected in this quarter's financial performance due to persistent pricing pressure from customers, driven largely by irrational pricing from Chinese competitors across some of our core product categories. In this scenario, we have consciously chosen to protect our market share and volumes. From our discussions with stakeholders, it is evident that Chinese players are finding it difficult to sustain these price levels, and we believe that this situation is not viable in the long run. When this correction will happen, remains difficult to predict at this stage.

We are also witnessing continued deferment in offtake for certain key products by agro majors. Encouragingly, agrochemicals used in crop protection are now showing signs of revival. This, along with a strong pipeline for the coming quarter, gives us the confidence to finish the year on a strong note.

Our pipeline for new molecules on the agrochemical side remains extremely robust. In addition, our AI development journey is also progressing as planned, all of which should bode well for the future. Our inroads into the pharma segment are also showing positive traction, both in terms of the number of molecules we are dealing with as well as the number of customers we are developing. In light of this, we are adding a second pharma intermediate plant at an investment of INR180 crore to come up at our Dahej site, which is expected to be commissioned in the next 8 months.

We continue to collaborate with global innovators on complex molecules, reaffirming SRF's R&D leadership in delivering sophisticated solutions. To date, we have applied for a total of 506 patents, including 5 filed during the quarter with 153 patents granted.

Additionally, our sourcing initiatives have delivered strong results with the approval of several new raw material suppliers. This further reinforces our supply chain resilience and enhances operational flexibility, supporting our long-term agility.

Coming to our Fluorochemicals business, we have delivered a record quarter on all counts. The refrigerant gas segment performed exceptionally well despite this being a traditionally lean season, supported by firm global HFC prices, driven by China's quota-led supply restrictions

and steady international demand. The domestic market is also recovering well after a weak first half impacted by prolonged monsoons. Our plants are operating optimally, and with the domestic season about to begin, we are well-positioned to meet the expected uptick in demand. This should also help us to maximize our production quota under the Kigali framework.

The Government of India's recent imposition of anti-dumping duty on R-134a currently does not impact us, as global prices remain above the minimum threshold. Overseas markets, particularly Southeast Asia and the Middle East continue to show healthy growth, helping offset some of the volatility in the US market caused by tariff uncertainty. As the tariff situation evolves, we will be better placed to assess its impact, given the historical importance of the US as a key export destination.

Chloromethanes delivered a steady performance through the quarter. In PTFE, we are ramping up capacity and sharpening our focus on value-added products rather than commodity offerings, an ongoing shift that is progressing well, with benefits expected to become visible by early next year.

Our upcoming projects for new fluoropolymers remain on track. The next-generation refrigerant gases project is also progressing well and will be housed at our new site in Odisha. We have applied for the necessary regulatory clearances for the site, which we hope to receive in the near future. We will share more on this during the annual conference call.

The Performance Films & Foils business reported revenue of INR1,342 crore in quarter 3 financial year '26, a decline of 3% year-on-year but delivering higher EBIT of INR95 crore when compared to quarter 3 financial year '25 of INR90 crore, owing to lower volumes of BOPET and BOPP in the domestic market. The impact of GST 2.0 continued into this quarter as FMCG companies were required to repack and reprint their products. However, from December onwards, we have started seeing signs of recovery in the domestic market for both BOPP and BOPET. In recent weeks, we have also seen some price improvement in BOPET from China, which should bode well for us in the coming months.

Our international operations remained stable during the quarter, though seasonal weakness in December reflected in the quarter's numbers. Performance in Thailand and Hungary continued to be affected by sustained competitive pressure from cheaper imports, while South Africa delivered consistently strong results. In Aluminium Foil, we delivered improved performance during the quarter, driven by higher volumes, while continuing to strengthen our export focus to build a more sustainable, globally balanced business model that is less vulnerable to domestic market volatility.

Our continued emphasis on scaling value-added products and advancing sustainable structures, including BiLam, PCR and mono-family films, has enhanced our product differentiation and helped to mitigate some of the market pressures.

Coming to the status of our new projects, the BOPP capacitor grade and the BOPP-BOPE line are progressing well. Together, these initiatives will bolster overall business performance in the coming quarters and further strengthen SRF's position as a comprehensive one-stop packaging solutions provider.

Our Technical Textiles business reported revenue of INR454 crore in quarter 3 financial year '26, amid a challenging market environment. Belting Fabrics came under pressure due to aggressive Chinese pricing and a decline in demand following reduced conveyor belt exports to the U.S. These factors have weighed on margins despite operational progress. On a positive note, we achieved a significant milestone with the EcoVadis Silver Certification for Sustainability, reaffirming our commitment to responsible and sustainable business practices.

In our Other businesses, for Coated Fabrics business, the domestic demand was soft this quarter, especially for Jal Jeevan mission liners, and volumes were impacted by cheaper Chinese imports. We expect demand to remain subdued in the off-season, and we'll focus on tensile and semi-tensile value-added products to protect margins. In Laminated Fabrics, the withdrawal of minimum import pricing on textile imports has intensified pricing pressure. While we continue to strengthen capabilities, margins are likely to stay under strain.

On the finance side, the Board in its meeting today approved a second interim dividend of INR5 per share, entailing a cash outflow of INR148.21 crore. This follows the first interim dividend of INR4 per share declared on July 23, 2025.

On the financial front, we are seeing benefits from global interest rate reductions. However, our forward positions on rupee-dollar hedges have had a negative impact due to the unprecedented rupee depreciation, something we could not anticipate. While we expect the negative impact from forward covers to stay for a few more quarters, in general, a weak rupee will be extremely favorable for us.

During the quarter, we have also recognized an amount of INR73 crore due to the changes in the definition of “wages”, post the notification of the new Labor Codes by the Government of India and disclosed the same under exceptional items in the financial results based on FAQs issued by the Ministry of Labor and Employment and guidance provided by the Institute of Chartered Accountants of India.

Additionally, based on a favourable order received from ITAT during the quarter, an amount of INR99 crore has also been recognized as a credit to tax expense.

Coming to CSR and other updates, in quarter 3 financial year '26, SRF advanced its CSR efforts with a strong focus on education and sustainability. Over 200 teachers were trained in digital literacy, and STEM initiatives engaged students through exhibitions and innovation fairs. Our digital bus reached 9 villages, benefiting more than 14,000 learners. Clean and green campus drives and Anganwadi programs promoted health and hygiene, while infrastructure support

under the PPP model strengthened 9 schools. These initiatives reflect our commitment to holistic community development and empowerment.

In quarter 3 financial year '26, SRF received a prestigious recognition at the Hurun India Family Business Excellence Award. Our Chairman Emeritus, Mr. Arun Bharat Ram, was honoured with the Lifetime Achievement Award, celebrating his visionary leadership. This accolade underscores SRF's Legacy of Excellence, Innovation and Responsible Business Practices.

To conclude, while this quarter reflects the realities of a volatile global environment, our fundamentals remain strong. We have a robust pipeline, a clear strategy and a committed team driving execution. With our upcoming projects and diversified portfolio, we are confident of delivering sustainable growth and creating long-term value for all stakeholders.

Thank you for your continued trust and support. And I would now like to ask the moderator to open the line for the Q&A session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Arjun Khanna from Kotak Mutual Funds.

Arjun Khanna: Sir, the first question is on our capex outlook. In light of what's happening globally in terms of dislocation or trade tariffs etc., how do we envisage our capex outlook going forward? In the second quarter, we had given guidance of maybe INR2,200 crore, INR2,300 crore of capex. And if you could give us some sense of how do we see this pan out for FY27 too?

Ashish Bharat Ram: Arjun, broadly speaking, we seem to be on track for that. A majority of what we will be doing, is now going to come in the new site in Odisha. I believe that irrespective of whatever volatility we may be seeing on the global front, the transition to new generation gases is inevitable. So we will be focusing on putting up the two plants for our new generation gases. Besides that, we will obviously also have to look at the ancillary plants which will come up, for which we will have to take Board approval. So I believe that when we actually get down to it, the first stage of investments in the Odisha site will probably be in the range of INR1,500 crore to INR2,000 crore. So in that sense, the capex for financial year '27 also remains on a strong wicket.

Arjun Khanna: Sure. So we did see a slight slowdown in FY25 where we spent roughly INR1,200-odd crore. So given what's happening globally, you don't believe that to be a reason to attenuate our capex going forward?

Ashish Bharat Ram: You have to look at it from the perspective that based on the Kigali Amendment, if the production and consumption of HFCs is going to come down, which we are seeing happening already, the world will need more of the new generation gases. So irrespective of whatever may happen, the demand for the new generation gases has to be met by somebody. So those who will be able to develop the technology and put up plants which are capex efficient and opex efficient, will have the opportunity to really benefit. And that's the play that SRF has going forward.

Arjun Khanna: Sure. Sir, the second question, in the presentation, we have talked of in Specialty Chemicals, Chinese pricing competition to continue for the near future. At the same time, we have talked of fourth quarter being substantially better for Specialty Chemicals. If you could help us understand, they seem to be slightly dichotomous.

Ashish Bharat Ram: We have to look at it from the perspective that the fourth quarter is based on a lot of deferment that has happened over quarter 2 and quarter 3. So there is a lot of pent-up POs that have to be delivered in quarter 4. But the second part, which is about whether we are really seeing a big pickup, is where we are not 100% sure. We are still seeing that the Chinese pricing remains a bit of a challenge. But like I said in my remarks, I believe that if we can generate the returns that we are generating in such a subdued market, I'm very optimistic for what lies ahead, because based on whatever we've seen and heard from competitors in China, majority of them are struggling at these levels. So, this seems to be a sort of Chinese way, where you come in and bombard the market with volumes and low pricing. But at some stage, people also need returns. And I think that's something that will change the environment in China going forward. And as I said in my opening remarks, the question is not if, but the question is when that will happen.

Arjun Khanna: Sure. We've seen that in ref gas, so let's hope it happens in other segments. Sir, at the same time, just a continuation, you've talked of early signs of Chinese increase across petrochemicals for the Performance Films segment. So in terms of BOPP, BOPET, are we seeing expansion in margins?

Ashish Bharat Ram: The Chinese part was linked more to BOPET. Clearly, in BOPET, we have seen that there seemed to be some sort of instruction that was given to the industry from the authorities in China, that they need to look at becoming more profitable rather than just producing. So the mandate that was given, was to cut back on capacity by 20%. That happened in December, and as a result, we've already seen some increase in pricing. The mandate also says that post their Lunar holidays, they are supposed to cut back further on the capacity. So let's wait and see what happens in that. If that actually happens, then I guess we will see further expansion in the margins.

Arjun Khanna: Sir, this is part of that anti-involution drive?

Ashish Bharat Ram: Correct.

Moderator: The next question comes from the line of Jason Soans from IDBI Capital.

Jason Soans: My first question is, you did say that you're expecting a good pickup on ag chem side in Q4. Just wanted to know what gives us the confidence for this? And are we seeing some enhanced order visibility for our key products here?

Ashish Bharat Ram: When you have a subdued Q2, Q3, a lot of it is just pent-up POs that customers wanted delivery in this year. I think everybody is going through this phase, but nobody wants extra inventory on

December 31. If you look at our numbers, we saw the same trend last year also, and it's the same thing this year, where we've already got POs, which we have to act upon in Q4.

Jason Soans: Sure. And sir, just in relation to that, the inventory in the channel must be at reasonable levels. So any particular reason for the deferment of this key ag chem products, which you have mentioned?

Ashish Bharat Ram: It's very difficult to comment on this. My hypothesis is that the supply chain challenges eased out tremendously after COVID. When we saw the boom in COVID years, there were massive supply chain challenges, and it would take months to get inventory, and so on. I think in today's context, people know that if suppliers have to get around to doing it, it should not take very long to do it. So, I think it's just a comfort of knowing that material will be available.

Jason Soans: Sure. And sir, just wanted to understand, you've pencilled in a capex of INR180 crore for the second pharma plant. If you could give us some more colour, sir, because ag chems is our main stay in the Specialty Chemicals business. So just wanted more colour on this, like what opportunities are we exactly seeing on the ground for this? And how much can we scale it up?

Ashish Bharat Ram: Jason, we have always maintained that we will continue to grow agro, but we also want to derisk from agro. And a great example of why we want to do that, is, because of what we've seen happen over the last 2 years - that agro cycles can be quite vicious in their own way. So it's not that by any means we are saying that we are not going to grow agro; we want to keep growing in agro, but we also want to derisk. And that's really why we are building on the pharma story. Also, you guys are more experienced in interacting with pharma companies across the nation, that, pharma is a much tougher nut to crack. It's also taken us a long time to crack, but today we are starting to see a lot of visibility in terms of the molecules we have - the number of molecules we are working on has gone up dramatically, and the number of customers with whom we are dealing have also gone up. So, there is a fundamental confidence that what we have today in capacity in our pharma intermediate plant number one, is not ample for us to take care of what lies ahead. And as an entrepreneur and as a businessman, you need to take calls in advance rather than being reactive; you have to be proactive if you fundamentally believe that there is an opportunity that lies ahead. And that's something that we are starting to see.

Moderator: The next question comes from the line of Vivek Rajamani from Morgan Stanley.

Vivek Rajamani: Thank you so much for the presentation. With respect to your opening remarks when you mentioned about the tariffs, could you give us a sense of what is the impact that you've seen for this quarter, whether by way of volumes or whether you've had to change some geographic locations? And in terms of customer conversations, are you seeing any sort of impact from this?

Ashish Bharat Ram: I think it's a bit of a mixed bag. Instead of committing to larger volumes of what everybody wants to pick up, they are literally picking up volumes from a month-to-month perspective. In the past when we used to do a lot of our ref gas trades, we would look at doing an annual

contract. Now, since R-134a does not fall under the tariffs, so in R-134a we have been able to do long-term contracts, and that's a relationship that has not got affected with the tariffs; but R32 does fall under the tariffs, so instead of doing long-term contracts with some of the customers we had, everybody is sort of doing a wait and watch, and it's more transactional than relationship oriented. And when you're looking at a big animal like the US, you always want to be clear of the sort of volumes you need to keep aside for the US and then play with the other markets. Here, we are having to play with the other markets and then see what comes out from the US. And within the US also, everybody is talking about the fact that even if you ship something today, we have no idea what the tariffs will be, by the time the product gets to us. So all that uncertainty makes people a little more averse. So I'm not saying they're not buying; they are buying, but with a lot of trepidation and buying literally what they need to, without really sort of running the business the way they want to.

In our Packaging business, we've had to play around in a sense that we have moved some of the US business to our plant from Thailand. But that's not an ideal situation, because we were always more comfortable servicing from here, since freight rates from Thailand to the US are substantially higher than the freight rates from India. So we do lose on some of these other costs that we would not have lost earlier on.

Vivek Rajamani: Sure, sir, that was very, very helpful. I just wanted to follow-up, any comments on the ag chem part of the business?

Ashish Bharat Ram: I've already said whatever I had to on the agro chemicals. There's not much I can add. We just have to wait and watch. Our internal strategy is to keep our pipeline as robust as we can; and it is more robust today, than it was earlier. We have a lot of AIs in the pipeline; we have to wait for them to be registered with the customers. So it's just a question of being patient because I genuinely believe that the cycle has to turn; it cannot remain the way it is. And until then, we will keep working on our cost efficiencies and making sure that we don't lose market share to any of our competitors.

Vivek Rajamani: Just one small bookkeeping question. If you could share the domestic and the export mix for your specialty and ref gas business, that would be really helpful.

Ashish Bharat Ram: You can connect to the IR team separately, and we'll get them to share that with you.

Moderator: The next question comes from the line of Abhijeet Akella from Kotak Securities.

Abhijeet Akella: First of all, on the Specialty Chemicals business, would it be possible to just share the revenue growth that we've seen in the first 9 months of the year?

Ashish Bharat Ram: I think our policy is that we don't differentiate between Fluorochemicals and Specialties, Abhijeet. So that's not something that we can share right now. We'll be able to talk more on this in the annual conference call, where we can talk about specialty chemicals business and

fluorochemicals business separately.

Abhijeet Akella: Okay, thank you. The other thing was on the Chemical segment margins. There seems to be some quarter-on-quarter moderation sequentially, about 170-180 basis points. So what might be the reason for that? Is it primarily coming from specialty chems or something else? Could it be a tariff impact from R32?

Ashish Bharat Ram: It's coming definitely from Specialty Chemicals. Like I said, the Specialty Chemicals business has had a more challenging time, so it has come from that. But I'm sure that we'll see a better performance in quarter 4.

Abhijeet Akella: Okay. As far as R32 is concerned in terms of sharing the tariff impact with customers and any sort of broad outline of how discussions are shaping up?

Ashish Bharat Ram: Like I said earlier, it goes literally on consignment to consignment. So depending on how tariffs are happening, we normally work with the price range, saying that if for any reason the 25% additional tariff gets cancelled, the price will be X; if the 25% additional tariff remains, it will be Y; and if there is a moderation in the base 25% tariff on India, then we will talk about the pricing. But there is obviously a trust factor that is also involved, when we actually do the final pricing. But honestly, nothing has changed in the last 6 months.

Abhijeet Akella: That's really helpful. And one last thing. Our R32 capacity, I believe, is somewhere in the range of 27,000 - 28,000 tonnes at present. Are there any thoughts that we could divert some of our capacity from the other HFCs, be it R134a or R125 towards R32 sometime in the future?

Ashish Bharat Ram: All I can say at this stage is that I would rather not comment on what our capacity is or isn't. That's something we believe is an important part of our strategy—to create a baseline. So, regarding what our capabilities are or aren't, I would rather keep quiet about it at this stage.

Moderator: The next question comes from the line of Surya Narayan Patra from Phillip Capital.

Surya Narayan Patra: My first question relates to the EU carbon tax you have indicated in the presentation. What impact do we expect from this regulation, implemented from 1 January? Specifically, will it affect the refrigerant gas business, or will our specialty chemical exports also face an impact?

Ashish Bharat Ram: We don't do any ref gas business in Europe at the moment. So there's no impact on the ref gas business. There is a potential impact on aluminium foil business, but honestly speaking, I think with where the cost of manufacturing in Europe is, we don't see that to be a risk. I think we just flagged it because it is something that has got notified. Having said that, I believe, under the India-EU FTA, there is going to be talk about the CBAM as well. So we just need to wait and watch, it's nothing that is of any significant nature at the moment.

Surya Narayan Patra: Sure, sir. Second question was about the pharma intermediate business. We have been seeing

some challenge for the agri intermediate or agri supplies specialty chemicals, but pharma seems to be very steady. If you can talk something about it, what is the progress on that side; what is the mix right now within the Specialty Chemical business and our outlook; what are the kind of general capex that we are trying to build up for the pharma intermediate business going ahead given the view that you have provided just some time before?

Ashish Bharat Ram: At the moment, broadly speaking, the pharma business is, maybe in the region of close to 10% of our total specialty chemicals business; and we've always said that we want this to go to at least 20%. Our perspective is that we want to grow agro, but grow pharma at a faster pace. And like I mentioned in one of the earlier questions, we are starting to see momentum on the pharma side, and that's why we're going ahead with the pharma intermediate plant number 2, because we feel we need that plant based on the number of molecules etc. that we're working on. So I'm not saying that we are going to get to 20% overnight, but I think we're clearly on the track to start moving in that direction.

Surya Narayan Patra: Sure. Just last one point, sir, on the capex front, is there a need for expanding capacity within HFCs before you create capacity for the new generation gas?

Ashish Bharat Ram: If anybody is expanding HFC capacity right now, they have to have a reason to do it, because I don't think that under Kigali Amendment we can.

Moderator: The next question comes from the line of Mahima Rathod from Tiger Assets.

Mahima Rathod: My question is, what is the current demand versus supply situation in the fluorochemicals market in terms of capacity of R32?

Ashish Bharat Ram: Our analysis says that the domestic demand for R32 is probably in the range of 17,000 - 18,000 tonnes, not more than that. Capacity is substantially more than that, and that's why everybody is exporting as well. But over time, as the Indian demand grows, the perspective would be that we would reduce our exports and start selling more in India.

Mahima Rathod: Okay. That's helpful. Sir, the next question is with new players in the fluoro space, how do we foresee the impact of R32 prices over the next 6 to 12 months? And what is the risk of price softening as competition increases?

Ashish Bharat Ram: See, the question or the premise is that competition will increase, but the question to really ask is that competition can only come in for calendar year 2027. For 2028 onwards, competition can only be based on the baseline of 2024, 2025 and 2026. So if you've not had production in 2024, 2025, 2026, you're not going to have any baseline for 2028 and going forward. So if somebody sets up capacity, in 2027 they may be able to sell whatever capacity they have, but they're not going to get any quota from 1st January 2028 onwards. So, what will happen then, I don't know, because obviously quota will go to the people who are producing in 2024, 2025 and 2026. Also, in the short-term, we all have to consider the China factor. As long as China keeps prices at the

levels that it keeps it at, then global prices should remain firm. And what we've seen in terms of data is that over the last 3 months, there have been negligible imports from China. The tendency in the past used to be, that in the off-season (which is from October to December), China would export a lot of material, which would then come into India in the pre-summer season. But this year, there have been no or very negligible imports from China in the last 3 months. So broadly speaking, the demand-supply situation in India should remain fairly firm in the short-term as well.

Moderator: The next question comes from the line of Madhav Marda from Fidelity Investments.

Madhav Marda: I think you kind of answered it in the previous question, but on the quota for R32, people are now setting up capacity at the fag-end of the quota determination period. How do you see those capacities playing out?

Ashish Bharat Ram: Really nothing more to add. The quota regime is something on which Mr. Prashant Yadav, President and CEO of SRF's Fluorochemicals and Technical Textiles business, did a session around 5-6 months back and explained it in detail. There is also a document on the Kigali Amendment that anybody can read. So, it is the baseline production of 2024, 2025, 2026, that is going to give you the quotas going forward. India has always been a country that has abided by its commitment on any global platform; we've seen this in the past, and I don't believe that India will go back on any commitment on the global platform. So it is going to be the average production of 2024, 2025, 2026 that will become the basis for the quotas going forward.

Madhav Marda: Understood. And just a second one, on the agro business, any view on when do you see the cycle picking up, like what could be the lead indicators that one could look out for to get a sense on when this could pick up again for us.

Ashish Bharat Ram: Like I mentioned earlier, we've started seeing some pickup in demand for crop chemicals. And when you start seeing increase in demand for crop chemicals, then there is a sign that these companies have to obviously start looking at building their inventories again. So, that's the starting point, and if that stays, then obviously it will be helpful. I feel that somewhere on the global platform, trade of things like soya etc. needs to get back to some normalcy. If you start seeing some normalcy there, then you will start seeing the crop protection business also getting back to some normalcy.

Moderator: The next question comes from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: Couple of questions from my side. First on the active ingredients that we are working on. Earlier in the call, we said that we are expecting to launch one AI in FY26 and a couple of them in FY27. Are we on track for that?

Ashish Bharat Ram: As things stand right now, we're pretty much on track for that. We believe the registration for one of them has happened, so we should see the launch in the coming year.

Sanjesh Jain: Got it sir. Second, on pharma - we've been talking about it for the last 7-8 years. And finally, it's good to hear about the progress there. But could you provide some more colour - are we working directly with the innovator, or are we still at the initial KSM stage, or looking at advanced intermediates? Also, we currently have only one CGMP plant, so will this new plant be a CGMP facility or a non-CGMP plant? Would appreciate more details on this.

Ashish Bharat Ram: This will be a non-CGMP plant. But with all due respect, on the pharma side, I will share more about our strategy in the annual call.

Sanjesh Jain: One last question on the Specialty Chemicals. At the start of the year, we expected a 20% growth in the overall chemicals segment. But within that, do you think this year, we will fall short of the 20% growth in specialty?

Ashish Bharat Ram: For sure. If anybody is seeing that they will be able to do some miracles in Agro this year, I would love to meet them. I think everybody is going through a tough time on the Agro, so while the team is doing its utmost to do whatever it can, but there are challenges which are really beyond our control at this stage.

Sanjesh Jain: And this is more pricing led or it's more volume and pricing both we are seeing pressure?

Ashish Bharat Ram: I would say it's largely pricing-led. That's why, in response to the earlier question on decline in EBIT margins, I mentioned that it is also linked to this. And yes, Chemicals Business margins have fallen due to the impact on the Specialty Chemicals side. I don't want to share more, but you can do your own calculations, since Fluorochemicals has done well because of HFCs. So yes, we are facing headwinds in Specialty Chemicals that we need to deal with.

Sanjesh Jain: One last question on the fluoropolymer side. When do we expect the supplies on the Chemours contract to start? And if you can give more color on that contract and timeline, that will be really helpful.

Ashish Bharat Ram: So, Sanjesh, we will see the plants coming up in the course of this calendar year. We are working very closely with their team. There is a lot of learning for us here because some of the equipments that we are having to put, are equipments we have never dealt with. Now we have to buy equipments from some companies in Europe with whom we've never dealt with. So there's a learning process. Also, I think it's important to understand that a company like Chemours is not looking at doing this just as a one-off; I think that they believe that there is a larger partnership opportunity that they can build on with a company like ours. At this stage for me to share more in terms of where this can go would be incorrect, but all I would like to say is that this is a starting point of a relationship with Chemours in terms of manufacturing for them and supplying to them. But over a period of time, I believe this is a relationship that can really get enhanced quite substantially.

Sanjesh Jain: Got it. And sir, just one follow-up there. Does that mean we will wait for the new fluoropolymer

plant to start before supplying PTFE, or will PTFE start earlier?

Ashish Bharat Ram: No, PTFE was never a part of the transaction. This is for much higher-end fluoropolymers. So these are the plants that are coming up in this calendar year, and those are the ones we'll be supplying to them.

Moderator: The next question comes from the line of Meet Vora from Emkay Global.

Meet Vora: The first one was, we have mentioned in our presentation that we continue to fully utilize our HFC capacities. In that context, how should we look at the overall volume growth in HFCs over the next, say, 2 to 3 years? Or maybe there will be only pricing-led growth till the time we create capacity for next-generation gases? How should one look at that?

Ashish Bharat Ram: I think you have to understand the quota regime. If you will spend some time on it, then there is no question of having more capacity come in. Capacity is going to be based on the baseline of 2024, 2025, 2026. So anybody who's putting up capacity now needs to figure out what they will do with it later. So, there is no additional capacity that SRF can put up; we have put out whatever we can. We just have to make sure that we maximize production within that capacity to whatever extent.

Meet Vora: Understood, but I was asking more from the angle that you are already fully utilized with your capacity and in baseline, 1 year is still left. I was asking from that angle.

Ashish Bharat Ram: But I'm saying the baseline is calendar year 2026 only. So, whatever it is, we have to maximize production this year and then go for it. That's it.

Meet Vora: Understood that. And sir, second question was, you mentioned that in the last 3 months, there have been no imports. My understanding is that, that could be because of antidumping duties on Chinese imports on R32. So it would not make sense for an importer to import and sell?

Ashish Bharat Ram: Meet, antidumping duty on R32 has been there for 3 years.

Meet Vora: Okay. And this would be going for a review in December this year, right? Any expectation around that?

Ashish Bharat Ram: We will go for a review. But honestly speaking, at this stage, it's going to be a very difficult case to justify, because the current pricing remains healthy, which we believe will be in future also; because that's what all the signs from China seem to indicate. Furthermore, India's pricing today, is quite independent of antidumping. These are the prices that are there globally. So whether we're looking at prices in India or looking at prices in Southeast Asia or elsewhere, the prices are firm everywhere.

Moderator: The next question comes from the line of Vaishnavi Gurung from Craving Alpha Wealth Fund.

Vaishnavi Gurung: My first question is on the overall growth basis. So basically, our Chemicals business has been growing double-digit. However, the other segments is kind of moderating that growth. So I just wanted to understand, is it majorly because of the Chinese imports and tariffs? Or is there any other thing that is impacting it? And when can we expect to normalize this impact?

Ashish Bharat Ram: Like I said already, in relation to performance films segment - because there was excess capacity in India, both in BOPET and BOPP; and there was low pricing from China, which, from December onwards has started changing and that's starting to get reflected in Indian pricing also from January; so once that starts happening, you will see some revenue growth in that segment going forward.

In technical textiles, we've not added any capacity or we're not adding any capacity; so that's going to remain range bound, pretty much dependent on where raw material pricing is.

Vaishnavi Gurung: Okay, and I wanted to understand, the competition globally from Chinese companies with respect to our R32 gases.

Ashish Bharat Ram: In China, there are numerous producers of R32, but there is also a quota regime that exists in China. Each company in China has been given a clear quota in terms of how much they can produce and how much capacity they have to close. That started last year, and it's the same process that exists this year, and it will be the same process that will exist going forward as well. That has basically ensured that there is a pretty good balance today in terms of demand and supply for R32.

Vaishnavi Gurung: And in terms of price?

Ashish Bharat Ram: I think they're broadly in the range of \$7 or something China.

Vaishnavi Gurung: Sir, one question on the demand deferment for specialty chemicals. On the last quarterly con call also, you mentioned that you're expecting better demand in H2 owing to demand deferment from H1. So did you see any impact there in quarter 3?

Ashish Bharat Ram: In specialty chemicals, like I mentioned earlier, we were expecting demand revival, but a lot of that has moved forward to quarter 4. So quarter 4 is going to be significantly better than quarter 3 because we do have POs on hand. Having said that, it's not that we are suddenly seeing the scenario changing dramatically. We believe that as we keep expanding the portfolio, we will see some opportunities going forward. But fundamentally, that sector is still going through a tough time.

Vaishnavi Gurung: Okay, and last question is on the overall chemical business. So I wanted to understand what percentage of growth is driven by refrigeration gases currently?

Ashish Bharat Ram: We don't differentiate between Specialty and Fluorochemicals. We will give you that number

once a year at the annual results call.

Moderator: The next question comes from the line of Raghav Chaudhary from Tiger Assets.

Raghav Chaudhary: Sir just wanted to understand, a player like Tanfac Industries which has decided to put 20,000 metric tonnes of R32, which, as I understand, should come on stream in Q3 of the next financial year. So how do you see that shaping up for them? They're also undertaking a very large capex on the back of this, especially with the quota regime coming in.

Ashish Bharat Ram: So, for us to comment on what another company is doing would be incorrect. I think we are fairly clear about what the quota regime is and how it works, because we've been through it in the past. And like I said earlier, I believe that the Indian government will abide by its commitment on the Kigali Amendment. So if somebody is doing whatever they're doing, I think it's a question that you should ask them, not us.

Raghav Chaudhary: Sir, I mean if such a large company is undergoing such a large capex, I'm sure they must have taken some approval internally with the Indian government; I mean no company can afford to let go 500 capex go into waste, right? So just wanted to understand from you, because you would be having a ground view and a holistic view as well.

Ashish Bharat Ram: See, people have asked us why we are not expanding in HFCs, and I've explained why we are not - because we don't believe you can expand in HFCs right now. But as I said, if another company is doing something, it would be incorrect for me to comment on it. I think we've understood how the protocol works, and that's why we are doing what we are doing; and if their understanding is different, you should ask them. And also please understand that there are two elements; giving an EC for putting up a plant is independent of how the Kigali Amendment works. So, if I went today and told the government that I want to put up a 50,000 tonnes plant, I could get an EC from the government for putting up that plant; but what I do with that plant as a result of the Kigali Amendment are two independent issues.

Raghav Chaudhary: Okay. And I just wanted to understand today what is the capacity of R32 in China?

Ashish Bharat Ram: You have to understand; there is a lot of fungible capacity between R134a and R32. So it's a very complex thing to say what is the capacity for R32 because of the fungibility between R134a and R32, and also between R125 and R134a. So depending on how people have put up their plants, all this is possible, and so there is no straightforward answer in terms of what is the China capacity.

Also, the whole Kigali Amendment works on GWP basis, but China as a country, has decided to give quotas on a product basis and not GWP basis. So, China has gone one level beyond GWP and said that this is the amount of R32 you can make, this is the amount of R125, and so on for other HFCs. So, they've been absolutely point blank that they don't want excess production of any HFC.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Nitika Dhawan: I hope we have been able to answer your questions. If you have any further questions, we would be happy to be of assistance. On behalf of the management, I thank you for taking the time to join us on this call. Thank you.

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