TANFAC

SECY/S.E./2026-27 August 03, 2026

BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400 001

Scrip code: 506854

Dear Sir/Madam,

Sub: Earnings Call Transcripts

Pursuant to Regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the Exchange that the transcript of the Company's Analyst/Investor Conference Call held on July 27, 2026, to discuss the Unaudited Financial Results for the quarter ended June 30, 2026, is attached herewith.

The transcript is also available on the website of the Company:
https://tanfac.com/investors/investor-information/calls-conferences-and-transcripts

Kindly take the same on record.

Thanking you,

Sincerely yours,
For TANFAC Industries Limited

Vinod Kumar Srinivasan
Digitally signed by Vinod Kumar Srinivasan
Date: 2026.08.03 11:13:31 +05'30'

Vinod Kumar S
Company Secretary & Compliance Officer

Enclosure: As above

“TANFAC Industries Limited

Q1 FY27 Earnings Conference Call”

July 27, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 27th July 2026 will prevail.

TANFAC INDUSTRIES LTD.

CHORUS CALL

MANAGEMENT: **MR. AFZAL MALKANI** – MANAGING DIRECTOR
MR. HEMANGO GUPTA – CHIEF EXECUTIVE OFFICER
MR. N.R. RAVICHANDRAN – PRESIDENT & CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the TANFAC Industries Limited Q1 FY27 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. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company which are based on beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and it may involve risk and uncertainties that are difficult to predict. I would now like to hand the conference over to Mr. Afzal Malkani, Managing Director of TANFAC Industries Limited. Thank you and over to you, sir.

Afzal Malkani: Thank you. Good afternoon everyone and thank you for joining us for TANFAC Industries Q1 FY27 earnings conference call. Joining me today are Mr. Gupta, our Chief Executive Officer; Mr. Ravichandran, our President and Chief Financial Officer; and SGA, our investor relations advisors.

The last few months have been one of the most significant periods in TANFAC's history. We believe the company has now entered a new phase of growth supported by a stronger balance sheet, an expanding leadership team, strategic investment, and clear roadmap to build a differentiated fluorochemicals platform.

The biggest milestone during the quarter was the successful completion of our INR250 crores Qualified Institutional Placement, which received strong participation from several reputed institutional investors. We are grateful for the confidence these investors have placed in our long-term vision. Their participation reinforces our belief that investors recognize TANFAC's transformation from a traditional fluorochemical manufacturer into a company with multiple high-growth value-added opportunities.

Further strengthening this confidence, our board has also approved a proposed preferential issue of approximately INR100 crores subject to the necessary approvals, including an investment of around INR61 crores by our promoters, Anupam Rasayan. Collectively, these initiatives have transformed our capital structure. TANFAC today is net debt-free, providing us with significant financial flexibility to pursue our next phase of expansion while maintaining a prudent balance sheet.

As we prepare for the next stage of growth, building the right leadership team is equally important. I am delighted to welcome Mr. Yogesh Mittal as President - Technical and Operations. Mr. Mittal brings over three decades of extensive experience in project execution, plant commissioning, manufacturing excellence, and technical operations. With multiple strategic projects under execution, his experience will further strengthen our execution capabilities and help us scale our operation efficiently. Additionally, he will help us to maintain the highest standard of safety and operational excellence.

Another important development is our board's approval to seek listing of the company's equity shares on the National Stock Exchange subject to regulatory approvals. We believe this is a natural progression for TANFAC and NSE listing will improve liquidity, broaden our institutional and retail investor participation, enhance market visibility, and strengthen our engagement with the investor community.

Now coming on to the quarterly performance, we delivered another resilient performance despite a challenging external environment. Revenue grew 6% year-on-year to approximately INR187 crores driven by continued ramp-up of our solar grade DHF business. During the quarter, profitability was slightly impacted by higher fuel and power costs, higher tax outflows, and elevated sulphur prices. These factors affected margin during the quarter.

However, we expect the benefit of cost pass-through to flow through over the normal pricing cycle which is 30 to 45 days. Importantly, none of these near-term factors change the structural growth opportunities that lie ahead for the company. Our balance sheet is stronger than ever and our capital allocation priorities are well-defined. We are executing multiple strategic initiatives that will meaningfully expand our scale, product portfolio, and value-added offerings over the coming years.

As we look ahead, our focus remains on disciplined execution, commissioning new capacities on schedule, strengthening customer partnerships, expanding into higher value fluorochemical products, and creating sustainable long-term value for all our stakeholders. While near-term external headwinds persist, our long-term growth outlook remains robust.

With that, I would now like to invite our Chief Executive Officer, Mr. Gupta, to take you through the company's growth strategy, the progress we are making across our strategic initiatives, and the significant opportunities we see for TANFAC in the years ahead. Thank you and over to you, Mr. Gupta.

Hemango Gupta: Thank you, Mr. Malkani. Good afternoon, everyone. I will now take you through the growth strategy of the company. Our strategy remains focused on moving steadily up the fluorochemical value chain from commodity chemicals towards higher value technology-driven and higher margin fluorinated products. In addition, we are actively focusing on electronic grade chemicals, HFOs, high-performing fluoropolymers, and inorganic fluorides to cater to emerging high-growth sectors.

Today, we operate one of India's largest hydrofluoric acid manufacturing facilities with a capacity of nearly 30,000 metric tons per annum. This expanded HF platform is far more than a capacity addition. It provides captive raw material security, improves value chain integration, and creates the foundation for a diversified portfolio of downstream fluorochemicals.

As we continue to expand into higher value products, this integrated HF platform will remain one of our strongest competitive advantage. Our solar grade DHF business continues to progress well. With both phases now commissioned, our focus has shifted from commissioning to ramping up production and execution under long-term customer contracts extending through financial year 2029.

As India's solar manufacturing ecosystem continues to expand, we believe TANFAC is uniquely positioned as the country's first and only domestic supplier of solar grade DHF, enabling us to participate in one of the fastest growing segments within specialty fluorochemicals. The business represents an important step in increasing the share of value-added products in our overall revenue mix.

The next major growth catalyst is our 20,000 metric tons per annum HFC-32 refrigerant gas project. Execution continues to progress well and remains on schedule for commissioning by the end of Q3 financial year 2027. Till Q1 FY27, we have committed INR315 crores against the project cost of INR395 crores.

What gives us significant confidence is that this project is not only backed by our integrated manufacturing capabilities but also supported by long-term commercial agreements covering approximately 65% of our plant capacity, providing strong visibility even before commissioning.

Combined with captive HF availability, established customer relationships, and our growing fluorination expertise, we believe this project positions TANFAC to become an important player in India's refrigerant gas market while opening the door to several future fluorinated products.

Looking ahead, we remain largely optimistic about TANFAC's long-term growth trajectory. Over the last two years, we have strengthened every pillar of our business. We have expanded our HF platform. We have successfully commercialized solar grade DHF. We are executing one of the largest growth investments in the company's history through our HFC-32 project.

We have significantly strengthened our balance sheet and enhanced our leadership team. Collectively, these initiatives are transforming TANFAC into a more integrated, more diversified, and higher value fluorochemicals company.

With that, I would now request our President and Chief Financial Officer, Mr. Ravi, to take you through the financial performance of the quarter. Thank you and over to you, Mr. Ravi.

N.R. Ravichandran: Thank you, Mr. Gupta. Good afternoon, everyone. I will now take you through the financial performance for the first quarter of FY27. Despite a challenging operating environment during the quarter, TANFAC delivered a resilient financial performance reflecting the strength of our integrated business model and continued execution across our growth initiatives.

Revenue from operations increased by 6.3% year-on-year to INR187 crores compared to INR176 crores in Q1 FY26. The growth was primarily driven by higher revenue from our solar grade DHF business which continues to witness strong demand from the solar industry. On a sequential basis, revenue declined marginally by around 3%. We view this as short-term external factors rather than any change in the underlying demand environment.

Operating EBITDA for the quarter stood at INR28.6 crores compared with INR29 crores in the corresponding quarter last year, with EBITDA margins at 15.3%. Margins during the quarter were impacted primarily by elevated sulphur prices and higher power and fuel costs, largely driven by the geopolitical situation in West Asia.

As our pricing contracts generally operate on a cost pass-through mechanism, we expect these cost increases to be progressively recovered over the coming months. Accordingly, we believe the margin pressure experienced during the quarter is temporary in nature.

Profit after tax for the quarter was INR16.8 crores compared with INR19.4 crores in Q1 of FY26. Apart from the moderation in operating profitability, PAT was also impacted by deferred tax adjustment during the quarter. We expect our effective tax rate to normalize over the balance period of the financial year and remain broadly consistent with historical levels.

From a balance sheet perspective, the quarter marks a significant milestone for the company. Following the successful completion of our INR250 crores Qualified Institutional Placement, our capital structure has strengthened considerably, enabling TANFAC to become net debt-free while providing sufficient financial flexibility to fund our ongoing expansion projects without placing undue leverage on the balance sheet.

That's it from my side. Now I would like to open the floor for question and answer.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have a first question from the line of Meet Gada, an Individual Investor. Please go ahead.

Meet Gada: Hi, thanks for the opportunity. First of all, I would like to thank the team for successful completion of the fundraises. So, I have two questions. First, what would be the revenue outlook for FY27 and FY28 if you can highlight? And also wanted to understand what were the measures taken to secure sulphur at lower prices, and if you can comment on the availability? Also, what would be the margin range that the management expects for FY27 given R-32 should come up in Q4 FY27?

Afzal Malkani: So yes, thank you. Thank you, Meet. So, there are three questions. You are talking about a margin for the next year, a total outlook for the next year, and second is sulphur, and third is about the margin, right?

Meet Gada: Yes sir.

Afzal Malkani: So yes, so if you see, the company plans to achieve in the current year, at least we are planning to achieve the growth of at least 30% on account of launch of our new project in Q4 FY27 and ramp-up of capacity utilization of existing products.

For FY28, we are targeting to achieve over 60% growth on account of ramp-up of the new project and other inorganic fluoride products currently which we are working on. And beyond the currently announced expansion, we continue to actively build a broader pipeline of high-margin fluorine-based products and technologies. So, in a nutshell, 60% growth will be there compared to in FY27.

On the margin side, yes, in the next quarter onwards our if we talk about the EBITDA margins, then it will improve in the range of 16% to 19% and next year margin will be even much, much better, about 25% once this new project HFC-32 will be operational.

Regarding the sulphur, yes, there is a volatility in the sulphur price. Current sulphur price increased from about INR30 to INR105 as of now, but the availability of sulphur is not an issue. We are currently getting and whatever is this price increase, we are able to pass-through to the customers, but there is a lag of around 30 to 45 days, but yes, definitely we are able to pass through the sulphur price. I hope I answered your question.

Meet Gada: Yes, sir. Thank you so much. I had just one more question. What are your R&D initiatives taken up for supplying AHF for semiconductor applications?

Hemango Gupta: See, Meet, we are working on that electronic grade R&D and we are also in process of having some technology tie-ups with some good companies. So, we are just evaluating couple of them. So, once we are clear through it, then we'll go for that major step into electronic chemicals.

Meet Gada: Okay, understood. Thank you so much. That's it from my side.

Moderator: We have our next question from the line of Aakash from Investec Capital Services. Please go ahead.

Aakash: Thank you for the opportunity. So, my first question is on -- so you have highlighted in earlier calls that there is an attractive payback and return profile for HFC-32 project. Assuming that HFC-32 prices normalize to mid-cycle levels over medium term, what do you believe is the sustainable EBITDA margin and ROCE profile for this project?

Afzal Malkani: Yes, so for this particularly for this HFC-32 project as we mentioned in our earlier call that margin will be around 30% for the new project and overall business EBITDA margin would be around 25%. So, there is no change in that. We have factored in our business model accordingly.

Aakash: Okay, got it. And the second question is like you mentioned that TANFAC is the only domestic manufacturer for solar grade DHF. Is this primarily driven by proprietary technology and customer qualification or is it simply because competitors have not invested in this capability? So how durable is the first mover advantage over next few years? Do you expect any competition in this?

Hemango Gupta: See, we thought this ahead and we executed it fast with our own and some bought technologies, and we executed it very fast and customer approvals do take time. It is not a short cycle because you have to learn it through. So that's what we did. I can't comment on the competition, but today we are the only ones who are producing solar grade and selling solar grade and we are approved in almost all the customers in solar grade now.

Aakash: Okay, got it. That's it from my side. Thank you.

Moderator: We have our next question from the line of Sujal Jhanwar from Growmore PMS. Please go ahead.**Sujal Jhanwar:** So, thank you for taking my question. My first question will be regarding there is a 6% revenue growth compared to quarter one FY26. So, I just want to know is it a realization-led growth or volume-led growth? And my second question would be on the capex front, that what is the further capex plan apart from already announced capex?

Afzal Malkani: So, if you see total there is a 6% growth. Yes, so we can say that around pricing growth is around 15% and there is a volume growth of around 6% to 8%. So overall on an average there is a growth of 6% on that. And you are talking about the capex, apart from the current capex which is going on for HFC-32, we plan to invest into expansion of solar grade DHF, expansion of AHF, and value-added products into electronic grade applications. These are the -- I think in the near future maybe in next 3 to 4 months we are planning to do.

And for the long term, that we will take a call after 3 to 4 months, but in the near future yes, solar grade DHF expansion, expansion of AHF, and value-added product into electronic grade applications.

Sujal Jhanwar: So just a follow-up question on that, sir. So, can you give me some range or range of capex, what would be the amount you will be investing in this solar grade and for the long term also?

Afzal Malkani: Solar grade about INR30 crores to INR40 crores, AHF around INR120 crores, and electronic grade is around INR150 crores. So, it will be around INR300 crores capex in all the three segments.

Sujal Jhanwar: Okay, sir. And this is for FY27 and '28, right?

Afzal Malkani: Yes, this is, we will start once we complete our ongoing project, which is HFC-32 commissioning in December, after that immediately we'll start.

Sujal Jhanwar: Okay, okay. That's it from my side. Thank you, sir.

Moderator: Thank you. We have our next question from the line of Rajesh Gupta from SBI Securities. Please go ahead.

Rajesh Gupta: Yes, thank you for the opportunity, sir. So, I have a couple of questions. What is the capex amount done for quarter 1, sir, and what is likely for the rest of the year?

Afzal Malkani: So, currently only one project is going on. So, I have specific numbers for the total project total spend as on date. So out of INR390 crores, cash outflow is INR100 crores and total committed liability is INR315 crores, out of total INR390 crores project.

Rajesh Gupta: Okay. And sir, I assume that this solar grade project is completely sold out, right, sir? I mean that capacity is completely sold out at present, right?

Hemango Gupta: Yes, Mr. Gupta, yes.

Rajesh Gupta: Okay. And sir, just one more question. Once your R-32 project get commissioned, how the revenue mix likely over the next few years or so if you can provide some colour on that?

Hemango Gupta: See, on an average we are at $5.5 per kg with our 65% of the contracts which we have done. So multiplied by 20,000 tons if I even take the next 35% at the same rate, so we should be getting in a revenue of almost INR900 to INR1,000 crores only from R-32 and remaining will be from our AHF 15,000 tons which we are already doing. And currently the 90% of revenue is domestic and balance 10% is exports, but post commissioning of RG, we expect this ratio to be 50%-50%.

Rajesh Gupta: Okay. And one last question, sir. Since the revenue is going to pick up from the third quarter onward, so what number you are looking for FY27 in terms of revenue and EBITDA?

Afzal Malkani: So, we are looking for a growth of around 30% on FY26.

Rajesh Gupta: In the revenue terms.

Afzal Malkani: Yes, in revenue terms.

Rajesh Gupta: And what kind of margin expansion you look, sir, since the other project will going to commission? So obviously I'm assuming that will contribute better margin. So, what margin you will be targeting for the entire year on a blended basis?

Afzal Malkani: So for the entire year, because in the Q4 this new project will be commissioned and for our existing business the margin is in the range of 16% to 18%, but considering the Q4 higher margin, on an average EBITDA margin would be around 21% to 22% for the whole year.

Rajesh Gupta: Okay, cool, sir. Thank you, sir, and all the best.

Moderator: Thank you. We have our next question from the line of Siddharth Gadekar from Equirus Securities. Please go ahead.

Siddharth Gadekar: Hi, sir. So, what was the HF realization for this quarter and how much of our volumes are contracted on an annual basis?

Afzal Malkani: On the AHF basis our on an average realization of around INR275 to INR280.

Siddharth Gadekar: And how much of this was contracted?

Afzal Malkani: No, in the AHF generally it is on a monthly basis or with the few customers it is on a quarterly basis. There is no long-term contract on AHF. Yes, for the solar grade DHF we have a long-term contract of 3.5 years, but on the AHF and DHF commercial grade we sell on a monthly or a quarterly basis.

Siddharth Gadekar: So, and for 2Q how do you see the realization moving for AHF?

Afzal Malkani: Currently we see next 4 to 6 month it would be stable, but it still again depends on the sulphur price which is the key raw material. Maybe I think if it increases then I think simultaneously there might be some increase, but currently for next 4 to 6 month we see it would be stable.

Siddharth Gadekar: Okay. And lastly for FY27 and FY28 can you give a volume guidance for R-32?

Afzal Malkani: Volume guidance for 'FY2027-28 currently on a conservative basis we are considering as a 80% to 85%.

Siddharth Gadekar: In FY28, right?

Afzal Malkani: Yes, 'FY28 when we will…

Siddharth Gadekar: And for 'FY27?

Afzal Malkani: 'FY27 for the -- we are calculating 65% to 70% for the Q4.

Siddharth Gadekar: Okay, sir. Got it. Thank you so much.

Moderator: Thank you. We have our next question from the line of Samarth Goyal from Choice Institutional Equities. Please go ahead.

Samarth Goel: Hello, sir. Congratulations on a resilient result. So, my first question is what is the capacity utilization for Q1 of FY27 and can you also please give us the same on a segmental basis?

Afzal Malkani: So, if we see in Q1 FY27, HF plant capacity utilization was 73% and sulfuric acid plant was around 85% to 88% and specialty fluoride is 50%. And you are talking about revenue segment-wise?

Samarth Goel: The volume split segment-wise basically, utilization split segment-wise?

Afzal Malkani: So yes, that is in percentage terms I think yes, in AHF is around 75%, sulfuric acid around 90%, and specialty fluorides which includes 4 to 5 products, that is around 50%.

Samarth Goel: Got it, sir. So, my next question is are you seeing any issues or price challenges in fluorspar pricing considering the current situation?

Afzal Malkani: So, there is no challenges in the fluorspar price, but yes, there are some logistic challenges in terms of cost, but no issue to us as we have sourcing from players in South Africa, Vietnam, and Thailand and other two-three geographies.

Samarth Goel: Got it. So, one last question regarding R-32 gas. So, we know -- I was reading somewhere that US is revisiting import duties which they have placed on China, regarding the R-32 gas. So, will there be any implication of any change in anti-dumping duties in that too for us?

Hemango Gupta: So, for us, I don't think there is any change in the US duties. For China the anti-dumping duties exist against R-32. So, I don't see in near term any changes happening.

Samarth Goel: Okay, sir. Thank you, sir.

Hemango Gupta: Thank you.

Moderator: Thank you. We have our next question from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Yes, hi, sir. Thanks for the opportunity. First question on the solar grade. Since the plants got commissioned last year, if you can you know share your thoughts on the ramp-up here or the revenue contribution that we are seeing here?

Hemango Gupta: See, we have ramped up the plant. Now we are running on full capacity and the product is also getting sold and there's a new demand which is coming in with the addition of new solar players coming in. They are starting, some of them are expanding capacities and some new are coming in August-September and August to December period. So, I don't see a challenge in solar grade now.

Ankur Periwal: So, this plant is as we speak it's fully you know sold out and how much of this will be contracted?

Hemango Gupta: 80% to 85% is contracted.

Ankur Periwal: And when we say contracted this is a volume commitment or even the pricing is fixed?

Hemango Gupta: Volume. Pricing varies depending on our raw materials, we pass on the pricing.

Ankur Periwal: Sure, yes. Thanks. Second bit on the electronic grade. You mentioned that we are working on some tie-up with global companies. Any timelines on this and you know a question related to it you also mentioned you know a credit capex of around INR150 crores for this. Have we already started work on this capex or once we get that tech etcetera and then we'll go ahead with the capex?

Hemango Gupta: See, we are evaluating various techs now at this time. The immediate priority for us is expansion of Solar Grade DHF. Second priority will be to put up an AHF along with the electronic grade. So, we are evaluating the various technologies which are available there and then we'll take a call how to -- which one to take and how to go and all. Broad level capex indication is this, it might be plus-minus 10%. I still can't comment on it on a 100% basis here.

Ankur Periwal: Okay, fair enough. And just last bit, you know slightly bookkeeping questions. If I look at the overheads for us in this quarter, manpower costs has declined, power and fuel you know went up sharply while other overheads declined. Why this volatility on a Q-on-Q basis if you can just highlight there? Thank you.

Afzal Malkani: So first if I take the elevated power and fuel cost, that is largely attributable to the West Asia situation and in addition to that due to shutdown of sulfuric acid plant due to maintenance, our captive power plant was not operational and hence we bought power from grid which led to increase in power cost on one-off basis in Q1FY27, but overall power and fuel cost should be stabilized in Q2 FY27.

And coming on to the employee cost, I think there is slight reduction in the employee cost in the Q1 compared to last Q1 FY26 because last year we have given some one-off benefit and bonuses to the employees. So that is I think it was on a higher side and currently I think it is normal. There is a slight reduction in that.

Ankur Periwal: Okay, that's clear, sir. Thanks a lot for answering all the questions. All the best. Thank you.

Moderator: Thank you. We have our next question from the line of Rudraksh Gupta from Navneet Investment Trust. Please go ahead.

Rudraksh Gupta: Yes. So hi, good afternoon. Just have a couple of questions. First question is my question is mainly related to broader industry perspective. As a pioneer player in HF market, how are we seeing HF demand currently?

Hemango Gupta: HF demand closely is around 30,000 to 35,000 tons per annum on a broad level basis on AHF terms - Indian demand, I'm talking of domestic demand.

Rudraksh Gupta: Okay. And one more question related to the earlier one. Due to the HF capacity built by your peers, will there be any impact on your current HF business?

Afzal Malkani: So currently we don't see any significant impact due to this because one-third of our HF capacity goes for the solar grade DHF where we don't have any competition as mentioned by Mr. Gupta. And in addition to that around 4,000 metric ton, we use captively. So, 50% of our demand is already placed and remaining goes into the varied industries in many application like surface treatments and fluoropolymers. And apart from this in future from December onwards when our HFC-32 is commercialized, we would captively use significantly more HF.

Rudraksh Gupta: Okay. That's helpful. If I may squeeze in one last question. Are we witnessing any pricing pressure from Chinese import in the HF market? Additionally given China's significant production capacity, why are exports of AHF to India relatively limited? Is it due to any regulatory restriction, logistic, or any other factor?

Afzal Malkani: So, we don't see any challenges from China for the AHF import because AHF is a controlled and dual-use chemical and its export is subject to stringent regulatory approvals, extensive end-use documentations, custom filings, and export license requirement making the process lengthy and cumbersome. And additionally, AHF requires dedicated ISO tanks for transportations and these tanks often return empty from India.

So, the logistics become commercially unattractive compared to export to their nearby countries such as Japan and South Korea and therefore considering the regulatory complexity, logistic challenges, and China's always preference for downstream value additions, so we have not seen any meaningful pricing pressures or any major significant import from China as far as AHF is concerned.

Rudraksh Gupta: Okay, that's helpful. Thank you and all the best.

Moderator: Thank you. We have our next question from the line of Dhruv Bajaj from GrowthSphere Ventures. Please go ahead.

Dhruv Bajaj: Sir, thank you so much for giving me this opportunity. And firstly, congratulations on an amazing fundraise. And again, thank you so much for taking this step to migrate into NSE. That really helps us as a shareholder. Sir, regarding my first question, sir, I just wanted to understand a little bit more on this contract that you have mentioned like 65% to 70% of our R-32 capacity is already booked for next I think 5 to 8 years.

So, there is some sort of variance in terms of the industry peers' commentary. Some people say that they don't choose contract prices, instead they prefer the spot market contracts such that the pricing of these larger term contracts is pretty lower because currently I think the price of R-32 is almost $9 to $10 and if my understanding serves me right, our pricing is roughly $5 for this longer-term contract.

So, I just wanted to understand like is this decision also governed by the fact that we are backward integrated and hence this lower type of pricing can also support good ROCEs for our incremental capital deployed or what was our take regarding this strategy versus the strategy that our peers are adopting?

Hemango Gupta: See, two factors. One is we are new into the refrigerant gas space. So, we wanted a play in the market, as fast as possible. Go-to-market should not take time. Number two, we also believe that after addition of capacities looking at the demand-supply situation, the prices will soften.

So, if you look at our contracts today in -- today's dollar terms, it is about $5.5 which was earlier $5 when we did the contract. So, it is about $5.5. We looked at forecasting looking into a demand-supply in next 1, 1.5 years, the prices will soften to say $6 to $7 in between.

So, looking at our speed-to-market, go-to-market where we are placing our 65% of the product right from day 1, instead of working on it, spending overheads, travel, hiring manpower and all, I've already placed our 65% of the product in the market at a decent price margin wherein it is also formula-based.

So, any increases in my cost will be passed on to the customer also. Right, that is also given in the contract. So, I'm playing safe. So, 65% is placed, remaining another 30% I will play on the spot.

Dhruv Bajaj: Okay. So, sir, as you mentioned that our solar DHF grade as well as our R-32 will be majorly towards these longer-term contracts wherein we also have a pass-through mechanism. So, is it fair to say that we will maintain a certain sort of fixed EBITDA per ton for the given set of volumes that we will sell?

Hemango Gupta: So, my 65% is sold at a fixed EBITDA margin which I'm certain of. There's no volatility there. Now remaining 30% I will enjoy the spot price whatever it is there.

Dhruv Bajaj: Okay. And sir, since our raw material is majorly sulphur and fluorspar and one of the gripes that existing investors have with regards to the AHF division is that because of this vast volatility in the sulphur prices and our contracts being basically on the spot front, we used to face a lot of volatility on the margin front, but once this R-32 capacity comes live, is it fair to say that not only will our margins increase exponentially but also there will be some sort of stability in terms of the margin profile of the business?

Hemango Gupta: Correct. That smoothening will happen.

Dhruv Bajaj: Okay. So, the structurally the margin profile will be much more stable and better.

Hemango Gupta: Correct.

Dhruv Bajaj: Yes. And sir, given this sort of project that you have mentioned, I think based on our estimates you should be generating almost more than INR300 crores plus of cash flow at least from the coming year and this is massive considering the current scale of the business like we're generating hardly INR100 crores PAT at the moment.

So, I just wanted to understand like you already touched upon the fact that we are exploring other areas like electronic grade DHF and as well as fluoropolymers, but there is some sort of patent in that side.

So, is there some sort of clear tangible direction that you can provide us like in terms of what are the initial projects that you will be targeting or the target customers or some sort of tech partnership or what will be the sales strategy? Like some sort of basic on that front so that we can at least understand the strategy beyond R-32?

Hemango Gupta: See, beyond R-32 we have number one is I've told you that we'll expand the solar grade DHF. Second is we are going to -- planning for expanding solar grade and then we foray into the electronic grade DHF for application in semiconductor. Next step. And you know we'll also enter into the future sustainable low GWP gases like HFOs and high-performing fluoropolymers.

So, the first two electronic grade and solar grade are the near-term ones and the HFOs and higher-performing fluoropolymers are after two and half, three years. So, they will come into execution after three years. By the time the patents will also be gone and also, we would have developed our own tech for doing this.

We are working on it. We are halfway through it. So, we'll also take some time in like you know another year or so to get our tech right and then by after a year we can announce those projects you know in FY28 so that those are executed by 2029 or 2030.

Dhruv Bajaj: Okay. So, sir, is it fair to say that going forward as we are climbing up the value chain and incrementally all these newer projects will also have some sort of contract-based agreements which can also guarantee us some sort of volumes in terms of the incremental capex that we will do or will it be mixed in terms of spot and what?

Hemango Gupta: See, solar grade we have seen we can do contracts. In electronic grade also in semicon because approval cycle is a bit long, so it is also contract-based with the fabs, you know the fabrication unit. And then the fluoropolymers high-performing because we will go into the specialized and the niche areas, so that also will be contracted because wherever the approval cycles are there, there are barriers to entry and barriers to exit both.

So, once you enter, generally the customer prefers to have a consistent supply chain over a period of time so that he doesn't face any volatile situation in supplies. And the demand is going up for these areas. So, all customers are interested to do a contract. So once your product is approved, you enter into a contractual situations wherein we have a fixed margin which is predictable over a long period of time.

Dhruv Bajaj: And I think we benefit from the fact that because we make HF in-house. Hemango Sir, just one last question from my end. Like there is a lot of concern regarding the quota, but aside that since next year is a free year, so beyond the 70% sort of committed utilization from these longer-term contracts, how difficult it will be for us to do these sort of spot sales of R-32 or considering the pricing might actually turn out to be better than our existing contracts? So, should you model only 70% utilization in the coming year or you guys are confident to do 100% sort of utilization of the newer capex?

Hemango Gupta: I'm confident of getting 90% plus utilization in the coming year.

Dhruv Bajaj: Okay. So that's the answer that I was looking for. Thank you so much for your time. I will join back in the queue.

Moderator: Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Yes, good afternoon, sir. Thanks for taking my questions. I got few. First, what is our AHF capacity today now that we will be utilizing a significant portion of AHF for R-32? This also means that in interim our AHF sales will come down. That's a fair way to look at it?

Hemango Gupta: Correct. Sanjesh, we are also planning to expand the AHF also as I told in my previous answers that the solar grade expansion and then AHF along with the electronic grade. That's our near-term plan.

Sanjesh Jain: But that will come with a lag, right? In interim…

Hemango Gupta: Yes, by five, six months or seven, eight months lag.

Sanjesh Jain: [Inaudible: 00:43:50] will not be there right? For us.

Hemango Gupta: AHF revenue will come down, yes.

Sanjesh Jain: AHF revenue will come down, right? And now are we fully covered for the AHF requirement for our R-32 and solar grade DHF?

Hemango Gupta: Yes, yes, yes. We have 30,000 tons and we can actually produce, 32,000 to 33,000 tons. 15,000 tons would be our AHF which will be required for R-32. So, we will still have 17,000-18,000 tons of AHF for sales. And then 10,000 is solar grade. So, 7,000-8,000 tons of pure AHF we can sell into commercial.

Sanjesh Jain: Okay, okay. We will still have some capacity to sell in the market?

Hemango Gupta: Yes, yes.

Sanjesh Jain: And what is the addition we are looking at in the AHF capacity and when are we expecting?

Hemango Gupta: We are planning anything between 20,000 to 30,000 tons because we have a long-term plan of HFOs and high-performing fluoropolymers and electronic grade. So, looking at those demand, so we are just evaluating between 20 and 30.

Sanjesh Jain: Okay, okay. And this plant should be commissioned what in FY29?

Hemango Gupta: No, I think in '28. '27 we'll start, '28 beginning or mid I think it should be commissioned.

Sanjesh Jain: Got it. And from a diluted AHF capacity, are we looking at more contract beyond this 10,000 metric ton immediately or we are fully covered with this 10,000?

Hemango Gupta: In solar grade you're asking?

Sanjesh Jain: Yes, yes, solar grade.

Hemango Gupta: Yes, solar we are already have 85% of the total capacity contracted. So now we are seeing the new demand. So, the same players they want us to provide more solar grade DHF. So that is why our immediate next step is to expand the solar grade capacity.

Sanjesh Jain: Now that how much are we looking to expand solar grade DHF?

Hemango Gupta: We are planning to almost double it. Almost. We have not decided, we have to look at the reactors and the other things, but that is what the plan is.

Sanjesh Jain: Got it, got it. And third on the fluoropolymer, what are we really looking in fluoropolymer? PVDF or PTFE…

Hemango Gupta: Sanjesh, it is a bit confidential. We are working with some customers and we have developed some product and given them for approvals. So, depending on the segments and approvals, so we'll decide on the -- which makes best sense for us. We have two-three options currently going on.

Sanjesh Jain: But it will be in the same family of fluoropolymer or we are looking at more specialized?

Hemango Gupta: See, ultimately all the fluoropolymers emerge from TFE or VDF, right? You keep combining them and adding a third part raw material and you keep getting lot of. So, there are 10 to 12 fluoropolymers. So, I'm not disclosing anything as of now. It is confidential. So, but yes, we are working on it.

Sanjesh Jain: That means you are looking at signing a contract and then putting the capacity. That's the way to think?

Hemango Gupta: Yes, yes, you are right, but we will not prefer to go into the commodity-based fluoropolymers. Yes, that is for sure.

Sanjesh Jain: Got it. Superb. Thank you, sir. Thank you very much and best of luck for the coming quarters.

Hemango Gupta: Thanks, Sanjesh. Thanks.

Moderator: Thank you. We have our next question from the line of Preet Jain from Niveshaay Investments. Please go ahead.

Preet Jain: Good afternoon, sir. Congratulations on good set of numbers. So, my question is on what is the current completion status of R-32 facility? Specifically what percentage is complete and how does the actual timeline compare to our original schedule? And what is the final capex spend versus the budget done at that plant? And is the plant operationally ready for trial? Have we sent the product for approval to customers or they are pending?

Hemango Gupta: See, the plant is on track. We have completed almost 60% of the work and remaining 30%-35% will be finished by November. So, we plan to commission the plant somewhere in November end wherein we can see some product in November and December we might start ramping up the capacity and stabilizing it till January. That's the plan.

So, I don't think there's an issue. And out of INR395 crores, we have already tied up with INR315 crores, out of which INR100 crores is the cash flow which is outgo already done. So, remaining we'll do it as the time progresses in this month.

And I don't think there is an issue in the product approvals and all because we successfully got the product first in our lab, then in our pilot plant. So, we are 100% satisfied and we also got it tested by the third parties. And we don't expect any cost overruns also in the plant.

Preet Jain: And sir, the machine which are going to arrive in August first week or second week, we were told that there were some delays in some machine. So, are that machines on time or that machine has been delayed?

Hemango Gupta: No, no, I'll tell you. The machines are arriving in first week of September, by 10th of September, and then erection will take another 20-25 days. So, once it is erected in October, we'll put in the catalyst and all then everything is on track basically.

Preet Jain: Got it. And sir, any -- with R-32 consuming -- you told that AHF capex will be announced hydrofluoric acid. So basically, we will operate that plant by next year quarter 2 or quarter 3, right? Because R-32 will consume major of our AHF.

Hemango Gupta: It needs about 12 months to start, yes. Solar grade we will start in 6 months, but AHF we will start in about 12 to 15 months, yes.

Preet Jain: Okay. And currently does our AHF goes to electrolyte cell base side players also in India because they also required AHF for their production of electrolyte salt also…

Hemango Gupta: I'm not allowed to take name of the customers, but yes, it goes.

Preet Jain: Okay. So how are you seeing traction from that side basically because that they are...

Hemango Gupta: We have seen some increased volumes, but they are not very significant, say 10% increase kind of volumes over last year.

Preet Jain: Okay. So, can you tell me other than our internal consumption, who is basically our AHF consumer? Where our AHF is consumed most in which sector basically?

Hemango Gupta: There are three sectors. So, you want to know the name of the customers or you want to know the segments?

Preet Jain: Both will be okay if...

Hemango Gupta: Segment I'll tell you. One is the solar grade segment where one-third of our capacity goes. The second is the pharma, agro, and refrigerant gas segment where the one-third of the capacity goes.

The remaining one-third goes into the surface treatment, steel segment, glass segment, and also some it is used for our captive production of inorganic fluorides.

Preet Jain: And who are the big customers, sir?

Hemango Gupta: Jindal, Piramal, Cohizon, Tata, Adani, Premier Energies, these are all the big customers here.

Preet Jain: Okay, got it, got it. Thank you, sir.

Moderator: Thank you. We have our next question from the line of Rikin Shah from Boring AMC. Please go ahead.

Rikin Shah: So, I just wanted to understand how would the ramp-up in R-32 go? I understand it starts in November, but the first few months or quarters could go in ramp-up and stabilization. So, have we factored in any sort of teething losses or sort of unexpected things in our guidance for numbers ahead?

Hemango Gupta: Rikin, we are taking one and half months to two months for stabilization. Practically December and January will go into stabilization wherein we'll ramp up also. So, we expect from February mid it should be -- we'll should be running on a vertical -- we are planning a vertical startup basically. So, we should be ramping up quickly and we have done this in our pilot plant, so we are quite confident that we'll be able to ramp up in February.

Rikin Shah: All right. That's all from my end. Thanks.

Hemango Gupta: Thank you, Rikin.

Moderator: Thank you. We have our next question from the line of Karan Kamdar from Choice Institutional Equities. Please go ahead.

Karan Kamdar: Hello, sir. Thanks for the opportunity and congrats on the fundraise. Sir, what I wanted to know is how is our R&D setup like and how are we investing into R&D and what is our thought process regarding R&D?

Hemango Gupta: See, currently R&D team is headed by a Dr. L.R. Ravichandran. He has been in the company for more than four decades now and widely experienced and more than 10 professionals including three-four PhDs are working in our R&D department as of now. We have about five to eight products in pipeline and large part for the portfolio is related to hydrofluoroolefins, fluoropolymers, and electronic chemicals. And we are also working on some five-six inorganic fluorides in which HF is the key raw material and the application is mainly pharmaceuticals and agrochemicals.

Karan Kamdar: Got it, sir. And what has been our R&D investment over the last year? So, if you can put a number to put a number to it including employees as well as capex both?

Afzal Malkani: So, capex we invested around INR7 crores to INR8 crores in last one and half years and if we see total expense in terms of amount as a revenue in nature, so then I think it would be around INR5 crores to INR6 crores.

Karan Kamdar: Got it. Sir, can you just give me a split for solar grade versus AHF, how much of our total HF is being sold towards solar grade?

Afzal Malkani: So out of the total revenue, 75% from the HF based products. So out of 75% around 35% in solar grade, 40% in directly AHF and commercial grade, and 25% for the other value-added product.

Karan Kamdar: Got it, sir. Got it. That's it from my side. Thanks and all the best, sir.

Afzal Malkani: Thank you.

Moderator: Thank you. We have our next question from the line of Rohit Nagraj from 360 One Capital. Please go ahead.

Rohit Nagraj: Thanks for the opportunity. Sir, first question is we have indicated that we have about 65% of our R-32 capacity already contracted out. This is only for calendar year '27 or beyond and is it specifically for the exports?

Hemango Gupta: It's for five years. Some customers it's five years; some customers it's seven years.

Rohit Nagraj: Perfect. And this is only for exports market, right?

Hemango Gupta: About 75% of it is exports, yes.

Rohit Nagraj: Right. And second question in terms of the, for R-32 project, beyond the current investment, what are the new leg of investments that we are planning to take and what could be the quantum of the same? Because this year this project will get completed. FY28, FY29 any kind of capex, significant capex run rate that…

Hemango Gupta: See, I've told that we are going for the Solar Grade DHF expansion immediately, that is the first capex. Second will be expansion of AHF and electronic grade for semicon. Then the third will be HFOs and high-performing fluoropolymers. This all will come by 2030-2031. Everything. So, it will go in a phased manner, yes.

Rohit Nagraj: Overall capex number that we're looking at for the next 4 years?

Hemango Gupta: See, this number will be close to about INR1,500 crores to INR1,700 crores it will be the capex number.

Rohit Nagraj: And just last bookkeeping question on R-32 project, will we be availing the 15% tax rate or will it be having the 22% tax rate?

Afzal Malkani: Yes, this will be 22% tax rate, yes.

Rohit Nagraj: Thanks a lot and all the best, sir.

Afzal Malkani: Thank you, Rohit.

Moderator: Thank you. We have our next question from the line of Shlok Patel from ZenFlow Finance. Please go ahead.

Shlok Patel: Hi. Thanks for the opportunity. I just wanted to ask that the solar capacities are going to increase 6x to 8x in next 5 years as you mentioned earlier. So, are we also looking to increase our capacities for solar DHF in that manner, like increasing our capacity 5x to 6x in next 5-6 years?

Hemango Gupta: Yes, see, currently the solar capacity for wafers and chips is 35 gigawatts as of now, which they plan to go up to 210 gigawatts till FY29. How fast it grows, because we have been hearing this for last 2 years, 3 years, but the growth has been slower. So hence we are also going stepwise.

So, we are putting up a plan, consolidating, and then putting up the plan. That's how we are doing it. So today requirement of solar grade DHF is around 30 KT per annum, which is expected to go to 210 KT. So, we are also planning to expand simultaneously as the solar capacity keeps on increasing.

Moderator: Hello, Shlok, are you there?

Hemango Gupta: I think he got disconnected.

Moderator: He got disconnected. The next question is from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.

Nirvana Laha: Hi, sir. Thanks for the opportunity. My first question is regarding because sulphur prices have really gone up a lot and I was just checking maybe sulfuric acid prices have not gone up as much. So, because you make sulfuric acid also and then AHF also, so just wanted to check what has happened to both the spreads, sulphur, sulfuric acid and then sulfuric acid and AHF, and how is it affecting your margins right now and how do you see it playing out in the next 2 quarters?

Afzal Malkani: So yes. So, if I see as in the sulphur price increased, so simultaneously sulfuric acid price have also gone up. So, our margin our spread remains the same only. There is no change in that. So simultaneously sulfuric acid price have also gone up. So, margin for both are almost similar only. So though earlier sulfuric acid was around INR20, currently it is INR30 to INR35. Yes, but margins are the same.

Nirvana Laha: Okay, okay. And is it the same for your sulfuric acid to AHF spread? That spread is also maintained?

Afzal Malkani: Yes, there is a time lag of 30 days to 40 days, yes. There is an increase, but it is taking 30 days to 40 days.

Nirvana Laha: Got it, got it. And sir, in your long-term contracts for R-32, there is one firm contract with the Japanese, but the other ones that you've mentioned, those are termed as MoUs. So, to the best of my understanding...

Hemango Gupta: There are two firm contracts.

Nirvana Laha: Okay.

Hemango Gupta: Yes. See, Japanese is a firm contract. The other with the domestic OEM, that is also almost a contract. And the third is an MoU which is going to convert into a contract very soon.

Nirvana Laha: Okay. And the MoU offtake is how much? 3,500 tons?

Hemango Gupta: The MoU offtake is 5,000 tons.

Nirvana Laha: 5,000 tons. Okay. And sir, all of these three will be take-or-pay contracts as you clarified last time?

Hemango Gupta: Yes. And it is also mentioned in our presentation also.

Nirvana Laha: Okay, understood. And sir, last question. I think you have touched upon it, but I just want to go a little deeper. You consistently say that you are the only solar grade DHF player in India. See, solar demand is booming. You say that there is about 10%, 15% maybe 10% more margins. I am just curious, like there are other players who make AHF, right?

What is preventing them from capturing some of this market from you? Is it that they have other uses which are higher margin, that's why it is not coming? I am just curious, just want to understand from you?

Hemango Gupta: You have to ask them why they are not entering into this. I can't really comment on that but I know that there is a strict quality requirement of impurities cannot be more than 10 parts per billion. So that capability is required to produce solar grade. Yes, and capex is also there and then you have to learn through it. The learning also takes 4-5 months to achieve this kind of quality. It doesn't come on day 1.

Nirvana Laha: Understood, sir. And in terms of purity, when you go from solar grade to semiconductor grade in terms of parts per million or billion impurity? How many times is that more challenging? Is it 1,000x less impurities?

Hemango Gupta: Yes, it is 100 PPT and this is 10 PPB. So, it is parts per billion, 10 parts per billion, that is 100 parts per trillion. So almost 1,000x.

Nirvana Laha: So, it's orders of magnitude. So, sir, since you are attempting that, how many years of R&D effort do you think it will take and what is your internal understanding of probability of success there? Are you tying up on technology with certain Japanese or other players? You can elaborate?

Hemango Gupta: Yes, to reduce the time, we will tie up with the technology suppliers and that's how we go, to make go-to-market faster. Otherwise, if we go on the R&D, it might take years.

Nirvana Laha: Understood. And will it be like an investment from a partner or do you anticipate paying some commissions etcetera for the technology? Like how do you think it will...

Hemango Gupta: No, we will invest on our own, the capex, and then we will tie up with customers to sell.

Nirvana Laha: Okay, but sir, in terms of absorbing the technology, I am saying, how will you absorb the technology? It is very difficult, right? You are saying it's 1,000x less impurities that you have to go from what you are making today…

Hemango Gupta: We have learned it through solar grade. So, we will absorb the technology, that's not a big issue. We have already integrated. We are evaluating it. We are just evaluating various technologies, nothing else. We know how to do it.

Nirvana Laha: Sure. And how many years of effort do you think it will be before you can see commercial…

Moderator: Sorry to interrupt you Nirvana?

Nirvana Laha: This is the last question. Just to follow up on that. So how many years of R&D effort before you can see commercial revenues from semiconductor grid, sir?

Hemango Gupta: I think more than R&D effort; it is more of an approval cycle which takes about 1 to 1.5 years in semicon for approval cycle. So, approval cycle will take 1 to 1.5 years. After that we can see the increased margins of semicons.

Nirvana Laha: Understood, sir. Thank you so much. All the best.

Hemango Gupta: Thank you.

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

Afzal Malkani: Thank you everyone for joining us today and for your continued interest in TANFAC. We sincerely appreciate the continued support and confidence of our shareholders, analysts, and investors. We are also grateful to the investors who participated in our recently concluded QIP and planned preferential issue.

Your trust in TANFAC's long-term vision and growth strategy is deeply valued and we remain committed to deploying the capital prudently to drive sustainable growth and long-term value creation.

As we move forward, our focus will remain on operational excellence, project execution, deepening customer partnership, expanding our portfolio of value-added fluorochemicals, and executing our strategic priorities with discipline. Should you have any further queries, please feel free to reach our investor relation partner, SGA. Thank you once again for your continued support and have a wonderful day.

Moderator: Thank you so much, sir. On behalf of TANFAC Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.