

January 31, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	4,373		3,672	
Sales (Rs. m)	28,019	33,089	27,859	32,789
% Chng.	0.6	0.9		
EBITDA (Rs. m)	6,254	7,413	5,784	6,805
% Chng.	8.1	8.9		
EPS (Rs.)	71.0	86.6	65.8	79.7
% Chng.	7.9	8.7		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	20,650	22,716	28,019	33,089
EBITDA (Rs. m)	3,983	5,034	6,254	7,413
Margin (%)	19.3	22.2	22.3	22.4
PAT (Rs. m)	2,184	2,821	3,518	4,291
EPS (Rs.)	44.1	56.9	71.0	86.6
Gr. (%)	(41.8)	29.2	24.7	22.0
DPS (Rs.)	12.0	12.5	15.6	19.0
Yield (%)	0.3	0.3	0.4	0.5
RoE (%)	9.6	11.3	12.8	14.1
RoCE (%)	8.9	9.8	11.1	12.2
EV/Sales (x)	10.0	9.2	7.5	6.3
EV/EBITDA (x)	51.9	41.5	33.6	28.3
PE (x)	88.7	68.6	55.1	45.1
P/BV (x)	8.1	7.4	6.7	6.0

Key Data

NAFL.BO | NFIL IN

52-W High / Low	Rs.4,017 / Rs.2,876
Sensex / Nifty	76,760 / 23,250
Market Cap	Rs.194bn/ \$ 2,237m
Shares Outstanding	50m
3M Avg. Daily Value	Rs.733.24m

Shareholding Pattern (%)

Promoter's	28.44
Foreign	18.55
Domestic Institution	28.46
Public & Others	24.55
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	21.5	3.6	18.1
Relative	23.8	10.0	9.5

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Strong order visibility going ahead

Quick Pointers:

- R32 capacity at a capex of Rs840mn progressing on schedule to commission by Feb' 25
- Agro specialty plant in Dahej commercialized during the quarter

Navin Fluorine International (NFIL) reported a revenue of Rs6bn (20.8% YoY/ 17% QoQ). The topline was 7% higher than our estimates of Rs5.7bn. This growth was largely driven by HPP vertical which saw 22% YoY revenue growth, driven by higher volumes for HFO and R32 and improved price realization across product. Expansion of R-32 capacity is on track and is expected to be commissioned in Feb'25, while AHF capex shall be commissioned by early FY25. Specialty chemicals segment recorded 26% increase in sales leading to higher utilization at Dahej and Surat. The management guided a strong order visibility for this segment in Q4FY25 and beyond into FY26. One new molecule is expected to be introduced in Q4FY25 and second in Q1FY26. CDMO vertical saw 8% YoY increase; revenue is targeted to reach USD100mn in FY27, with order received from EU major and a scale order received from US major. We believe long-term fundamentals of the company are intact and strong order visibility will drive growth. The stock is currently trading at 45x FY27E EPS of Rs87. We value the company at 51x FY27E EPS to arrive at TP of Rs4,373. We maintain 'Accumulate' on the stock.

- HPP/specialty see 22%/26% YoY revenue growth:** Consolidated revenue stood at Rs6bn (20.8% YoY/ 16.9% QoQ) (PLe: Rs5.7bn, Consensus: Rs5.8bn), actual topline was 6.7% higher than our estimates. Gross profit margin was at 56.6% (vs 53.9% in Q3FY24 and 56.8% in Q2FY25), margin expanded 270bps YoY due to lower raw material cost. HPP and specialty chemicals segment saw a revenue increase of 22% and 26% respectively, while CDMO witnessed 8% growth in revenue.
- EBITDAM improves 360bps sequentially:** EBITDA stood at Rs1.5bn increased 95% YoY/ 37%QoQ, (PLe: Rs1.2bn, Consensus: Rs1.3bn). EBITDA margin came at 24.3% (vs 15.1% in Q3FY24 and 20.7% in Q2FY25). Adj PAT was at Rs836mn increased by 223% YoY/ 42% QoQ. PAT margins were 14% vs 5% & 11% in Q3FY24 & Q2FY25 respectively. The tax rate decreased to 22.6% from 42.5% in Q3FY24.
- Concall takeaways:** (1) HFO, R22, R32 and inorganic salts volume and priced increased during the quarter. (2) AHF project is on track to commission early FY26. (3) Order book remains strong for Q4FY25 and in FY26 for specialty vertical. (4) One new molecule to be introduced in Q4FY25 and second in Q1FY26. (5) Dahej utilization was around 85% as compared to 40% in Q2FY25. (6) Rs5.4bn, Agro specialty plant in Dahej commercialized during the quarter, peak annual revenue of 5.2bn is expected by FY27. (7) CDMO segment has strong order book for Q4FY25. (8) For CDMO order received for supply in FY26 from EU major and a scale up order received with supplies in Q4FY25 received from US major. (9) cGMP4 capex of Rs2.9bn, phase 1 of Rs1.6bn on

track to commission by end of Q3FY26. **(10)** Employee cost reduced due to ESOP reversal, run rate for employee cost is expected to be between 700-750mn. **(11)** Next leg of capex announcements can be expected in H1FY26. **(12)** EBITDA margin expected to be around 25%.

Exhibit 1: Q3FY25 Result Overview (Rs mn) (Consolidated)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	% Var.	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	6,062	5,018	20.8	5,679	6.7	5,186	16.9	16,484	14,648	12.5
Gross Profit	3,430	2,704	26.8	3,192	7.5	2,946	16.5	9,309	8,287	12.3
Margin (%)	56.6	53.9		56.2		56.8		56.5	56.6	
EBITDA	1,473	757	94.7	1,184	24.4	1,074	37.2	3,550	2,882	23.2
Margin (%)	24.3	15.1		20.8		20.7		21.5	19.7	
Other Income	105	119		108		112		319	433	
Depreciation	296	249	18.8	286	3.4	279	5.9	842	705	19.5
EBIT	1,282	627	104.5	1,006	27.5	906	41.5	3,027	2,611	15.9
Interest	202	177	14.2	158	27.5	139	45.8	497	571	(13.0)
PBT before exceptional items	1,080	450	139.9	847	27.5	768	40.7	2,531	2,040	24.1
Total Tax	244	191	27.7	178	37.2	179	36.2	595	560	6.2
ETR (%)	22.6	42.5		21.0		23.4		23.5	27.4	
Adj. PAT	836	259	222.9	669	24.9	588	42.1	1,936	1,480	30.8
Exceptional Items	0	521		0		0		0	521	
PAT	836	780	7.2	669	24.9	588	42.1	1,936	2,001	(3.3)

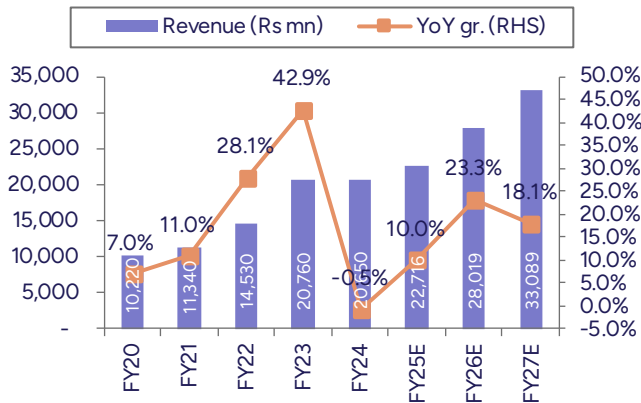
Source: Company, PL

Exhibit 2: Segmental Details (Rs mn) (Consolidated)

Segment Details	Q3FY25	Q3FY24	YoY gr.	Q2FY25	QoQ gr.	9MFY25	9MFY24	YoY gr.
HPP	3,060	2,510	21.9%	2,930	4.4%	8,800	6,580	33.7%
CDMO	790	730	8.2%	680	16.2%	2,280	2,140	6.5%
Specialty Chemicals	2,210	1,750	26.3%	1,580	39.9%	5,410	5,900	-8.3%
Total Sales	6,060	4,990	21.4%	5,190	16.8%	16,490	14,620	12.8%

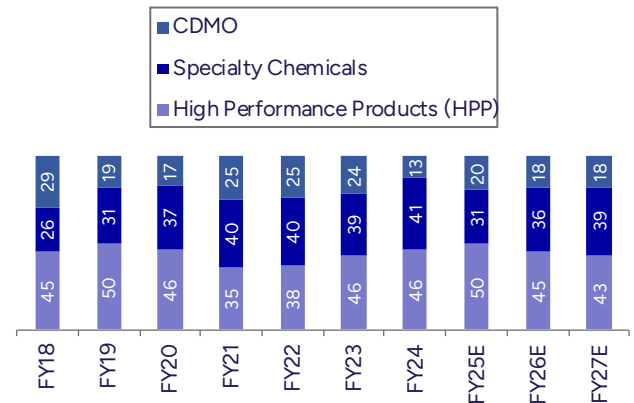
Source: Company, PL

Exhibit 3: Revenue to grow at 17% CAGR over FY24-27E



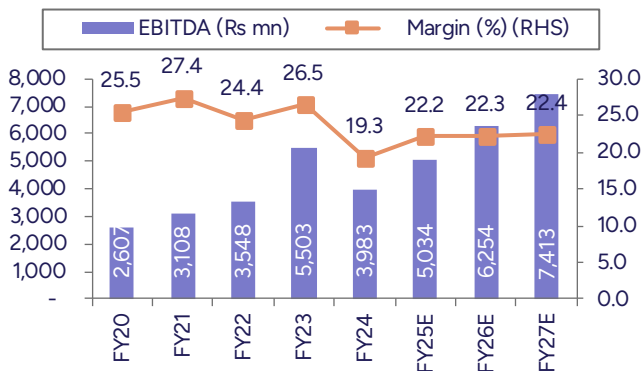
Source: Company, PL

Exhibit 4: Revenue mix profile (%)



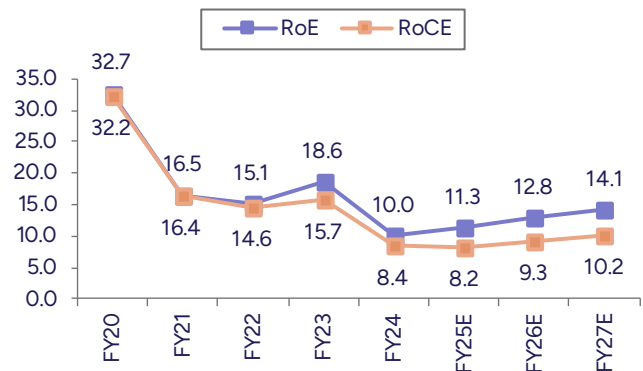
Source: Company, PL

Exhibit 5: Margins to rise with high value added mix



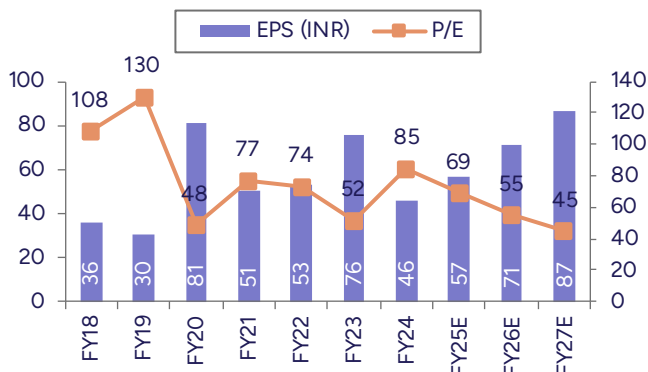
Source: Company, PL

Exhibit 6: Despite huge capex, return ratios to rise



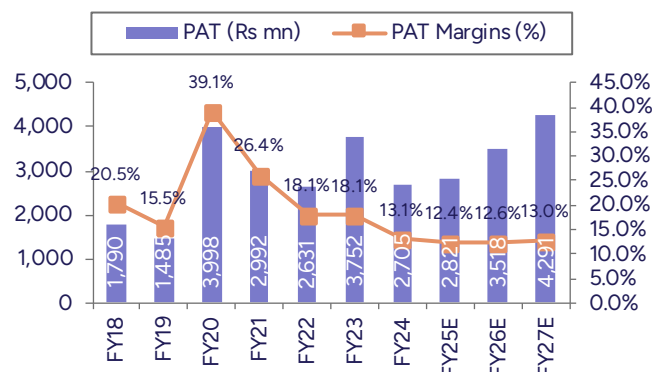
Source: Company, PL

Exhibit 7: Stock trading at 45x FY27E EPS



Source: Company, PL

Exhibit 8: PAT margin to be at 13% in FY27E



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	20,650	22,716	28,019	33,089
YoY gr. (%)	(0.6)	10.0	23.3	18.1
Cost of Goods Sold	9,354	9,882	12,048	13,898
Gross Profit	11,296	12,835	15,971	19,192
Margin (%)	54.7	56.5	57.0	58.0
Employee Cost	2,858	3,030	4,393	5,492
Other Expenses	4,455	4,770	5,324	6,287
EBITDA	3,983	5,034	6,254	7,413
YoY gr. (%)	(27.6)	26.4	24.2	18.5
Margin (%)	19.3	22.2	22.3	22.4
Depreciation and Amortization	962	1,144	1,369	1,569
EBIT	3,021	3,890	4,885	5,844
Margin (%)	14.6	17.1	17.4	17.7
Net Interest	746	634	791	831
Other Income	559	432	504	596
Profit Before Tax	2,834	3,688	4,598	5,609
Margin (%)	13.7	16.2	16.4	17.0
Total Tax	650	867	1,081	1,318
Effective tax rate (%)	22.9	23.5	23.5	23.5
Profit after tax	2,184	2,821	3,518	4,291
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,184	2,821	3,518	4,291
YoY gr. (%)	(41.8)	29.2	24.7	22.0
Margin (%)	10.6	12.4	12.6	13.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,184	2,821	3,518	4,291
YoY gr. (%)	(41.8)	29.2	24.7	22.0
Margin (%)	10.6	12.4	12.6	13.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,184	2,821	3,518	4,291
Equity Shares O/s (m)	50	50	50	50
EPS (Rs)	44.1	56.9	71.0	86.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	20,381	25,381	29,381	33,381
Tangibles	20,381	25,381	29,381	33,381
Intangibles	-	-	-	-
Acc: Dep / Amortization	3,526	4,670	6,039	7,608
Tangibles	3,526	4,670	6,039	7,608
Intangibles	-	-	-	-
Net fixed assets	16,854	20,710	23,341	25,772
Tangibles	16,854	20,710	23,341	25,772
Intangibles	-	-	-	-
Capital Work In Progress	7,111	7,111	7,111	7,111
Goodwill	-	-	-	-
Non-Current Investments	4,948	4,948	4,948	4,948
Net Deferred tax assets	(643)	(643)	(643)	(643)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	3,717	3,943	4,853	5,725
Trade receivables	5,125	6,161	7,600	8,975
Cash & Bank Balance	275	628	712	1,675
Other Current Assets	5,740	5,740	5,740	5,740
Total Assets	43,770	49,241	54,305	59,946
Equity				
Equity Share Capital	99	99	99	99
Other Equity	23,728	25,930	28,675	32,025
Total Network	23,827	26,029	28,775	32,124
Non-Current Liabilities				
Long Term borrowings	13,399	16,079	16,883	17,727
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	441	484	596	703
Other current liabilities	5,459	6,006	7,408	8,748
Total Equity & Liabilities	43,770	49,241	54,305	59,946

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	3,355	3,688	4,598	5,609
Add. Depreciation	962	1,144	1,369	1,569
Add. Interest	746	634	791	831
Less Financial Other Income	559	432	504	596
Add. Other	(787)	-	-	-
Op. profit before WC changes	4,276	5,466	6,758	8,009
Net Changes-WC	3,610	(673)	(835)	(800)
Direct tax	(343)	(867)	(1,081)	(1,318)
Net cash from Op. activities	7,543	3,926	4,843	5,891
Capital expenditures	(7,324)	(5,000)	(4,000)	(4,000)
Interest / Dividend Income	33	-	-	-
Others	(3,643)	-	-	-
Net Cash from Invst. activities	(10,935)	(5,000)	(4,000)	(4,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	4,913	2,680	804	844
Dividend paid	(745)	(619)	(772)	(942)
Interest paid	(746)	(634)	(791)	(831)
Others	-	-	-	-
Net cash from Fin. activities	3,422	1,427	(759)	(928)
Net change in cash	31	353	84	963
Free Cash Flow	220	(1,074)	843	1,891

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	44.1	56.9	71.0	86.6
CEPS	63.5	80.0	98.6	118.3
BVPS	480.9	525.3	580.7	648.3
FCF	4.4	(21.7)	17.0	38.2
DPS	12.0	12.5	15.6	19.0
Return Ratio(%)				
RoCE	8.9	9.8	11.1	12.2
ROIC	7.0	7.6	8.6	9.6
RoE	9.6	11.3	12.8	14.1
Balance Sheet				
Net Debt : Equity (x)	0.6	0.6	0.6	0.5
Net Working Capital (Days)	148	155	154	154
Valuation(x)				
PER	88.7	68.6	55.1	45.1
P/B	8.1	7.4	6.7	6.0
P/CEPS	61.6	48.8	39.6	33.0
EV/EBITDA	51.9	41.5	33.6	28.3
EV/Sales	10.0	9.2	7.5	6.3
Dividend Yield (%)	0.3	0.3	0.4	0.5

Source: Company Data, PL Research

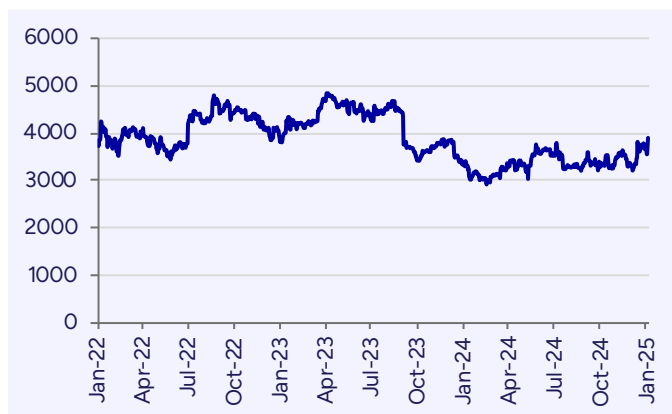
Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	6,020	5,237	5,186	6,062
YoY gr. (%)	(13.6)	6.6	9.9	20.8
Raw Material Expenses	3,010	2,304	2,240	2,632
Gross Profit	3,009	2,933	2,946	3,430
Margin (%)	50.0	56.0	56.8	56.6
EBITDA	1,101	1,004	1,074	1,473
YoY gr. (%)	(45.5)	(12.1)	9.2	94.7
Margin (%)	18.3	19.2	20.7	24.3
Depreciation / Depletion	257	267	279	296
EBIT	843	736	795	1,178
Margin (%)	14.0	14.1	15.3	19.4
Net Interest	174	156	139	202
Other Income	125	103	112	105
Profit before Tax	794	683	768	1,080
Margin (%)	13.2	13.0	14.8	17.8
Total Tax	90	171	179	244
Effective tax rate (%)	11.4	25.0	23.4	22.6
Profit after Tax	704	512	588	836
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	704	512	588	836
YoY gr. (%)	(48.4)	(16.8)	(2.9)	7.2
Margin (%)	11.7	9.8	11.3	13.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	704	512	588	836
YoY gr. (%)	(48.4)	(16.8)	(2.9)	7.2
Margin (%)	11.7	9.8	11.3	13.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Avg. Shares O/s (m)	50	50	50	50
EPS (Rs)	14.1	10.2	11.8	16.7

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Accumulate	3,672	3,478
2	24-Oct-24	Accumulate	3,523	3,307
3	05-Oct-24	Accumulate	3,680	3,419
4	31-Jul-24	Accumulate	4,144	3,771
5	04-Jul-24	Accumulate	3,883	3,659
6	08-May-24	Accumulate	3,621	3,377
7	09-Apr-24	BUY	3,929	3,093
8	29-Feb-24	BUY	3,727	3,018
9	07-Feb-24	Accumulate	3,727	3,262

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	381	405
2	Bharat Petroleum Corporation	Hold	286	271
3	Bharti Airtel	Accumulate	1,783	1,599
4	Clean Science and Technology	Hold	1,471	1,449
5	Deepak Nitrite	Reduce	2,295	2,460
6	Fine Organic Industries	BUY	5,765	4,474
7	GAIL (India)	Hold	203	186
8	Gujarat Fluorochemicals	Reduce	3,190	3,537
9	Gujarat Gas	Sell	362	508
10	Gujarat State Petronet	Hold	351	359
11	Hindustan Petroleum Corporation	Hold	373	353
12	Indian Oil Corporation	Hold	124	123
13	Indraprastha Gas	Sell	300	383
14	Jubilant Ingrevia	Hold	680	660
15	Laxmi Organic Industries	Hold	237	226
16	Mahanagar Gas	Accumulate	1,412	1,267
17	Mangalore Refinery & Petrochemicals	Accumulate	168	145
18	Navin Fluorine International	Accumulate	3,672	3,478
19	NOCIL	Reduce	226	247
20	Oil & Natural Gas Corporation	BUY	300	260
21	Oil India	BUY	714	465
22	Petronet LNG	Reduce	276	291
23	Reliance Industries	Accumulate	1,472	1,266
24	SRF	Reduce	2,018	2,308
25	Vinati Organics	Accumulate	1,925	1,707

PL's Recommendation Nomenclature (Absolute Performance)

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

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