

Navin Fluorine International

BSE SENSEX

80,710

S&P CNX

24,650



Stock Info

Bloomberg	NFIL IN
Equity Shares (m)	51
M.Cap.(INRb)/(USDb)	265 / 3
52-Week Range (INR)	5444 / 3160
1, 6, 12 Rel. Per (%)	8/18/47
12M Avg Val (INR M)	812
Free float (%)	72.9

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	23.5	32.0	38.3
EBITDA	5.3	8.2	10.0
PAT	2.9	4.5	5.8
EPS (INR)	58.2	88.5	112.4
EPS Gr. (%)	26.2	52.0	27.1
BV/Sh.(INR)	529.5	729.6	818.9

Ratios

Net D:E	0.5	0.2	0.2
RoE (%)	11.5	14.2	14.5
RoCE (%)	8.8	11.8	12.8
Payout (%)	20.6	20.6	20.6

Valuations

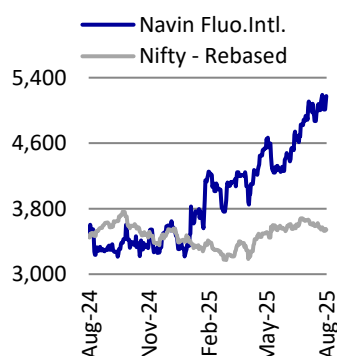
P/E (x)	89.2	58.7	46.2
P/BV (x)	9.8	7.1	6.3
EV/EBITDA (x)	50.9	33.7	27.7
Div. Yield (%)	0.2	0.4	0.4
FCF Yield (%)	0.0	-0.2	0.4

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	28.0	28.4	28.8
DII	28.7	30.0	27.4
FII	21.6	20.2	18.0
Others	21.7	21.4	25.8

FII Includes depository receipts

Stock performance (one-year)


CMP: INR5,177
TP: INR5,100 (-1%)
Neutral

Steady earnings visibility amid strategic expansion initiatives

We attended the Navin Fluorine International Limited (NFIL) analyst meet, where management discussed demand trends, company strategy, and outlook across key segments. The planned capex of INR7b-10b will be deployed without impacting return ratios. Detailed capex plans will be announced in the next six months.

- Strategic focus remains on scaling the HF business and accelerating the adoption of electronic-grade HF through its partnership with Buss ChemTech. R32 sales to the US comprise ~25% of total revenue, with 15% protected under anti-dumping duties, offering partial pricing support.
- The CDMO segment also gained traction, with Phase 1 completed and 5-6 molecules currently under development, while Phase 2 will begin once utilization hits 60-65%.
- The Advanced Materials segment is emerging as a long-term growth driver, targeting ~15% revenue share by FY30, supported by products co-developed with Chemours for semiconductors and data centers. The TMAP segment continues to face pricing pressure, though volumes are improving.
- We expect a revenue/EBITDA/adj. PAT CAGR of 28%/37%/41% over FY25-27. The stock is trading at ~46x FY27E EPS of INR116.1 and ~27x FY27E EV/EBITDA. We reiterate our Neutral rating.

HPP business positioned as a long-term strategic initiative

- The company has seen strong volume growth in the High-Performance Products (HPP) segment (contributed 51% of sales in FY25), driven by increased sales and higher utilization of R32, R22, and HFO products.
- The company is actively exploring value-added opportunities within the hydrofluoric acid segment. With anticipated customer interest, the focus is on accelerating market adoption and creating a network effect.
- The company plans to undertake targeted investments aimed at facilitating faster adoption and enhancing its positioning in the HF value chain.
- The newly commissioned R32 production facility was scaled up efficiently, supported by robust demand from both domestic and international markets.
- The company expects limited downside risk to R32 prices, underpinned by stable demand conditions. This is likely to support short-term pricing stability in further quarters.
- R32 enables a cost-effective shift from high-global warming potential (GWP) to low-GWP refrigerants, positioning it as a strategic product within the company's portfolio.
- HFO and R32 operations continued at an optimum level with higher R32 sales, followed by improved realizations across key products.
- Demand for HFO products is largely dependent on infrastructure growth in the US and Europe. Future capital expenditure in this segment will be contingent on the pace of infrastructure development in these key regions.
- Recent tariff changes have introduced uncertainty around demand visibility and the timing of potential capacity expansion in the HFO segment.

- India exports approximately 60% of R32 volume. Capacity expansion for R32 globally is expected to be completed by Dec'26, with no further expansions planned from FY27 onwards. The company has also scheduled the addition of 15,000MT of R32 production capacity by Dec'26.
- R32 sales to the US market account for approximately 25% of the company's total business. Of this, around 15% is safeguarded under anti-dumping duty protection, ensuring partial insulation from pricing pressure.
- The company has an exclusive partnership with Buss ChemTech AG, Switzerland, to commercialize its high-purity electronic grade HF, making significant progress in engaging global customers in the electronic market. This serves as a foundation for advancing its broader product portfolio, with several products currently in the development and pilot stages.

CDMO business on the right track

- CDMO (15% of sales in FY25) has successfully completed Phase 1, with operations now stabilized. Phase 2 expansion will commence once capacity utilization reaches 60-65%.
- The company is evaluating additional capex opportunities, driven by a ramp-up in existing products and ongoing discussions with prospective clients.
- Currently, 5-6 molecules are in the development stage, indicating a healthy project pipeline that could support future scale-up and incremental investments.
- The company has observed strong performance in both the HPP and CDMO segments, with superior asset turnover and EBITDA generation compared to the specialty chemicals segment. This trend is expected to continue going forward.

Scale specialty, build advanced materials

- The company is expanding the capacity of its specialty chemicals segment (contributes 34%) through debottlenecking. The capacity expansion is focused on three key molecules, two of which present large opportunities. The company aims to enhance both capacity and operational efficiency. The segment's asset turnover stands at 1.1x
- Contribution from the pharmaceutical segment is gradually declining, primarily due to the phasing out of generic pharma contracts.

TFMAP (3-trifluoro methyl acetophenone)

- The TFMAP segment is expected to see an uptick in demand at competitive prices.
- Contribution margins are expected to remain at a healthy level.
- The company does not expect a material impact on absolute EBITDA. Greater clarity on demand trends for FY26 is anticipated by the end of 2QFY26.

Advanced materials

- The company anticipates that the advanced materials segment will contribute approximately 15% to its expanded revenue capacity by FY30. Management believes this segment will be a key future growth driver for the specialty segment, with the potential to reach the scale of the CDMO business.
- The asset turnover ratio for the advanced materials segment is expected to remain in the range of 1.6 to 1.7.

- The global liquid electronic chemicals market is currently valued at INR55b and is expected to reach INR130b by 2030.
- The company has co-developed liquid electronic chemical products in collaboration with Chemours, and the patents are not owned by the company.
- India's rapidly growing data center industry presents a significant opportunity. There are several liquid electronic products in the market that are widely used in data center operations.
- The Advanced Materials portfolio will target niche and high-value areas such as immersion cooling technologies and electronic-grade materials.

Valuation and view

- We believe the company is well-positioned to sustain its growth momentum in FY26, supported by the commercialization of three new molecules in 2QFY26 and material contributions expected from the Fluoro Specialty unit at Dahej, which commenced operations in Dec'24. The company reiterated its EBITDA margin guidance of approximately 25%. We believe the EBITDA margin guidance has a potential upside risk, driven by improved operating leverage and segmental mix.
- The medium-term outlook is further supported by: 1) a strategic partnership with Chemours to foray into high-growth advanced materials and 2) the approval of a key molecule by both the US and EU, enabling expanded applications in the CDMO segment.
- We expect a revenue/EBITDA/adj. PAT CAGR of 28%/37%/41% over FY25-27. The stock is trading at ~45x FY27E EPS of INR116.1 and ~27x FY27E EV/EBITDA. We value the company at 45x FY27E EPS to arrive at our TP of INR5,100. Valuations remain expensive; thus, we reiterate our Neutral rating.

Financial story in charts

Exhibit 1: Expect ~30% revenue CAGR over FY25-27

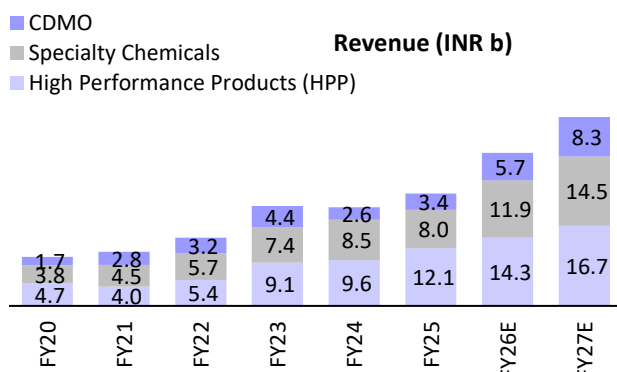


Exhibit 2: Revenue mix

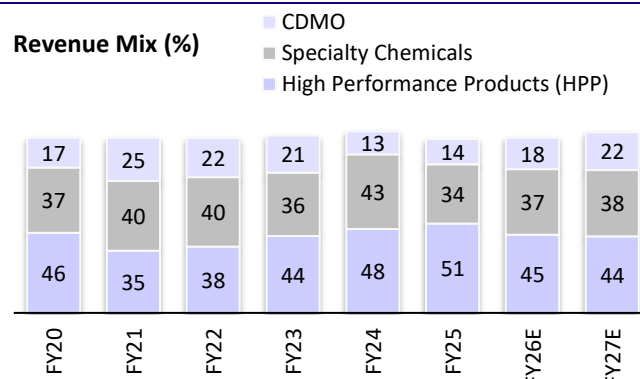


Exhibit 3: Geographic revenue split

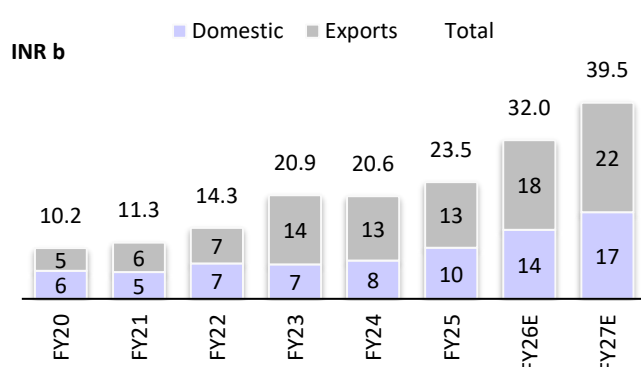


Exhibit 4: Geographic revenue mix

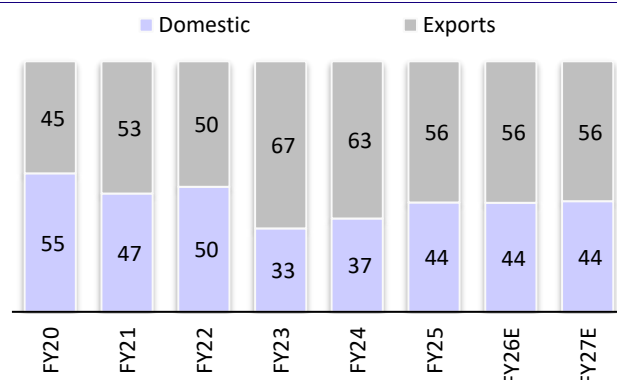


Exhibit 5: Expect ~37% EBITDA CAGR over FY25-27...

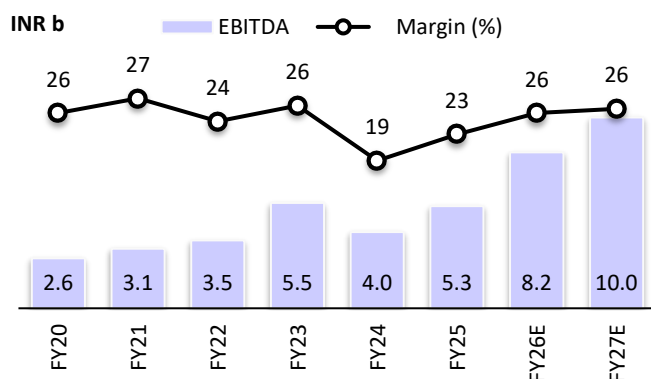
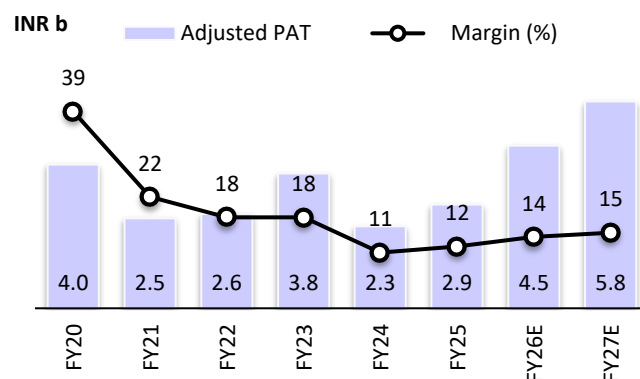


Exhibit 6: ...with adj. PAT CAGR of ~41% over FY25-27



Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	10,223	11,331	14,534	20,774	20,650	23,494	31,952	38,292
Change (%)	7.0	10.8	28.3	42.9	-0.6	13.8	36.0	19.8
Raw Materials (INR m)	4,649	5,110	6,656	8,960	9,354	10,386	13,867	16,545
Employees Cost (INR m)	1,165	1,162	1,815	2,494	2,858	2,967	3,560	4,130
Other Expenses (INR m)	1,801	1,951	2,514	3,817	4,455	4,804	6,373	7,638
Total Expenditure	7,615	8,223	10,986	15,271	16,667	18,157	23,800	28,313
Gross Margin (%)	54.5	54.9	54.2	56.9	54.7	55.8	56.6	56.8
EBITDA	2,607	3,108	3,548	5,503	3,983	5,337	8,151	9,979
Margin (%)	25.5	27.4	24.4	26.5	19.3	22.7	25.5	26.1
Depreciation	337	407	479	626	962	1,194	1,553	1,820
EBIT	2,270	2,702	3,069	4,877	3,021	4,143	6,598	8,159
Int. and Finance Charges	16	14	19	275	746	779	1,041	1,059
Other Income	313	745	392	357	559	437	495	594
PBT bef. EO Exp.	2,567	3,433	3,442	4,959	2,834	3,801	6,053	7,694
EO Items	0	662	0	0	521	0	0	0
PBT after EO Exp.	2,567	4,095	3,442	4,959	3,355	3,801	6,053	7,694
Total Tax	-1,431	1,103	812	1,207	650	915	1,523	1,937
Tax Rate (%)	-55.7	26.9	23.6	24.3	19.4	24.1	25.2	25.2
Reported PAT	3,998	2,992	2,631	3,752	2,705	2,886	4,529	5,757
Adjusted PAT	3,998	2,508	2,631	3,752	2,285	2,886	4,529	5,757
Change (%)	169.3	-37.3	4.9	42.6	-39.1	26.3	56.9	27.1
Margin (%)	39.1	22.1	18.1	18.1	11.1	12.3	14.2	15.0

Consolidated - Balance Sheet								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	99	99	99	99	99	99	102	102
Total Reserves	13,790	16,402	18,343	21,750	23,728	26,163	37,254	41,827
Net Worth	13,889	16,501	18,442	21,850	23,827	26,262	37,357	41,929
Total Loans	0	0	1,000	8,487	13,399	14,407	10,085	11,094
Deferred Tax Liabilities	206	167	201	348	643	754	754	754
Capital Employed	14,096	16,668	19,644	30,684	37,869	41,424	48,196	53,777
Gross Block	4,643	4,937	5,714	17,629	20,890	30,712	37,010	43,870
Less: Accum. Deprn.	1,053	1,459	1,938	2,565	3,526	4,721	6,274	8,093
Net Fixed Assets	3,591	3,478	3,776	15,065	17,363	25,992	30,737	35,777
Capital WIP	389	365	7,421	2,786	7,111	3,498	4,200	4,340
Total Investments	3,387	4,503	1,181	955	5,453	5,293	5,293	5,293
Curr. Assets, Loans, and Adv.	7,042	10,319	11,477	15,610	12,964	12,644	16,285	18,473
Inventory	1,361	1,543	2,575	4,681	3,717	3,224	4,226	5,028
Account Receivables	2,093	2,759	3,577	5,615	5,125	5,824	7,921	9,493
Cash and Bank Balance	2,640	3,889	902	348	276	405	948	763
Cash	1,692	761	757	145	66	197	739	554
Bank Balance	890	3,128	201	203	209	208	208	208
Loans and Advances	947	2,128	4,423	4,966	3,847	3,190	3,190	3,190
Curr. Liability and Prov.	1,644	1,998	4,211	4,609	5,900	6,880	9,196	10,983
Account Payables	922	1,027	141	2,435	3,025	3,270	4,286	5,099
Other Current Liabilities	590	824	3,879	1,944	2,569	3,342	4,545	5,447
Provisions	131	147	191	231	306	269	366	438
Net Current Assets	5,398	8,322	7,266	11,001	7,064	5,764	7,089	7,490
Appl. of Funds	14,096	16,668	19,644	30,684	37,869	41,424	48,196	53,777

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	80.8	50.7	53.1	75.7	46.1	58.2	88.5	112.4
EPS Growth (%)	169.3	-37.3	4.7	42.6	-39.1	26.2	52.0	27.1
Cash EPS	87.6	58.9	62.8	88.4	65.5	82.3	118.8	148.0
BV/Share	280.7	333.5	372.2	441.0	480.9	529.5	729.6	818.9
DPS	11.0	11.0	11.0	12.0	15.0	12.0	18.2	23.1
Payout (%)	17.9	18.2	20.7	15.8	27.4	20.6	20.6	20.6
Valuation (x)								
P/E	64.2	102.4	97.7	68.5	112.5	89.2	58.7	46.2
Cash P/E	59.2	88.1	82.7	58.7	79.2	63.1	43.7	35.1
P/BV	18.5	15.6	13.9	11.8	10.8	9.8	7.1	6.3
EV/Sales	24.9	22.3	17.7	12.8	13.1	11.6	8.6	7.2
EV/EBITDA	97.5	81.4	72.5	48.2	67.9	50.9	33.7	27.7
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.3	0.2	0.4	0.4
FCF per share	11.8	52.1	-101.1	-165.3	14.5	0.9	-12.9	20.5
Return Ratios (%)								
RoE	32.7	16.5	15.1	18.6	10.0	11.5	14.2	14.5
RoCE	32.2	16.4	14.6	15.7	8.4	8.8	11.8	12.8
RoIC	55.7	25.3	26.0	20.1	9.4	11.0	14.1	15.1
Working Capital Ratios								
Fixed Asset Turnover (x)	3.2	3.2	4.0	2.2	1.3	1.1	1.1	1.2
Asset Turnover (x)	0.7	0.7	0.7	0.7	0.5	0.6	0.7	0.7
Inventory (Days)	49	50	65	82	66	50	48	48
Debtor (Days)	75	89	90	99	91	90	90	90
Creditor (Days)	33	33	4	43	53	51	49	49
Leverage Ratio (x)								
Current Ratio	4.3	5.2	2.7	3.4	2.2	1.8	1.8	1.7
Net Debt/Equity ratio	-0.2	-0.2	0.0	0.4	0.6	0.5	0.2	0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	2,567	4,095	3,442	4,959	3,355	3,801	6,053	7,694
Depreciation	337	407	479	626	962	1,194	1,553	1,820
Others	-210	-1,054	-289	184	-86	560	1,041	1,059
Direct Taxes Paid	-456	-186	-781	-1,098	-343	-780	-1,523	-1,937
(Inc.)/Dec. in WC	-684	-305	-2,104	-5,308	3,611	933	-783	-586
CF from Operations	1,555	2,958	748	-636	7,499	5,708	6,340	8,050
Capex	-972	-382	-5,758	-7,555	-6,783	-5,665	-7,000	-7,000
Free Cash Flow	582	2,576	-5,011	-8,191	717	43	-660	1,050
Change in Investments	1,706	-914	3,757	799	-4,313	402	0	0
CF from Investments	766	-3,452	-1,724	-6,556	-10,936	-5,110	-7,000	-7,000
Inc./(Dec.) in Debt	0	0	1,020	7,442	4,913	1,014	-4,322	1,009
Interest Paid	-16	-14	-19	-275	-746	-786	-1,041	-1,059
Dividend Paid	-714	-394	-542	-543	-743	-595	-932	-1,185
CF from Fin. Activity	-756	-437	415	6,579	3,359	-467	1,202	-1,235
Inc./Dec. in Cash	1,565	-931	-561	-613	-78	131	543	-185
Opening Balance	127	1,692	760	758	144	67	197	740
Closing Balance	1,692	760	758	144	67	197	740	554

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Nainesh

Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email

Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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