motilal oswal Financial Services

10 May 2025

4QFY25 Results Update | Sector: Chemicals

Navin Fluorine International

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	NFIL IN
Equity Shares (m)	50
M.Cap.(INRb)/(USDb)	227.9 / 2.7
52-Week Range (INR)	4726 / 2876
1, 6, 12 Rel. Per (%)	8/30/33
12M Avg Val (INR M)	848

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	23.5	30.8	36.2
EBITDA	5.3	7.5	9.0
PAT	2.9	4.4	5.6
EPS (INR)	58.2	89.4	112.4
EPS Gr. (%)	26.2	53.6	25.8
BV/Sh.(INR)	529.5	600.5	689.8
Ratios			
Net D:E	0.5	0.4	0.2
RoE (%)	11.5	15.8	17.4
RoCE (%)	8.8	11.8	13.6
Payout (%)	20.6	20.6	20.6
Valuations			
P/E (x)	78.7	51.3	40.7
P/BV (x)	8.7	7.6	6.6
EV/EBITDA (x)	45.2	32.0	26.1
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	0.0	1.7	2.3

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	28.4	28.4	28.8
DII	30.0	28.5	28.6
FII	20.2	18.6	15.6
Others	21.4	24.6	27.0

FII includes depository receipts

CMP: INR4,595 TP: INR5,060 (+10%) Neutral

CDMO performance strong; order book visibility in FY26

- Navin Fluorine International's (NFIL) EBITDA in 4QFY25 came in line with our estimates, with strong YoY performance in the CDMO segment. Gross margin stood at 54.2%, while EBITDA margin expanded 720bp YoY to 25.5%. Earnings grew 35% YoY to INR950m in 4QFY25. There was stable momentum in all business segments as multiple strategic levers drove 4Q performance.
- HPP revenue was driven by higher volumes and improved realizations in 4Q. NFIL has signed a strategic agreement with Chemours for initial capacity deployment of their proprietary product. It has also entered into a technology tie-up with Buss ChemTech AG for high-purity N5 grade HF for solar applications, with NFIL branding, with no capex announced yet for the HF tie-up.
- In Spec Chem, both Dahej and Surat plants operated at optimum capacity with strong order visibility for FY26; two new fluoro intermediates are being introduced for a validated agrochem customer. While Fluorospecialty plant utilization is expected at ~50-55% in FY26, pricing pressure is likely to persist despite volume-led growth in the segment, with expected ATR at ~1.3-1.5x.
- In CDMO, orders are secured for CY25 under a European MSA, with new molecule orders and confirmed supply orders from major EU and US customers lined up for FY26. The guidance remains intact for the aspirational ~USD100m revenue by FY27—split equally among new MSA, Fermion contract, and the base CDMO business. The expected ATR of the segment is ~2x.
- With new agreements and strong visibility of existing contracts, we increase our revenue/EBITDA/PAT by 7%/6%/7% for FY26 and by 12%/14%/17% for FY27. The stock is trading at ~41x FY27E EPS of INR112.4 and ~26x FY27E EV/EBITDA. We value the company at 45x FY27E EPS to arrive at our TP of INR5,060. Valuations remain expensive, thus **we maintain our Neutral rating.**

EBITDA in line; higher-than-expected interest cost leads to earnings miss

- NFIL reported revenue at INR7b (+16% YoY) and GM at 54.2% (+420bp YoY). EBITDAM came in at 25.5% (+720bp YoY), with EBITDA at INR1.8b (est. of INR1.8b, +62% YoY). PAT stood at INR950m (est. of INR1b, +35% YoY).
- **For FY25**, revenue stood at INR240b (+16% YoY), EBITDA at INR5.3b (+32% YoY) and adjusted PAT at INR2.8b (+22% YoY). EBITDAM was at 21.9% in FY25 (+260bp YoY).
- NFIL declared a final dividend of INR7/share (interim dividend of INR5/ share in 3QFY25, taking the total FY25 dividend to INR12/share).

Valuation and view

- The CDMO business is expected to drive robust growth (clocking a 53% CAGR over FY25-27) due to the increasing use of fluorine in the Pharma and Agro space, battery chemicals, and performance materials (Solar grid HF, Semiconductor grade HF, etc.).

Aman Chowdhary – Research Analyst (Aman.Chowdhary@MotilalOswal.com)

Sumant Kumar – Research Analyst (Sumant.Kumar@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

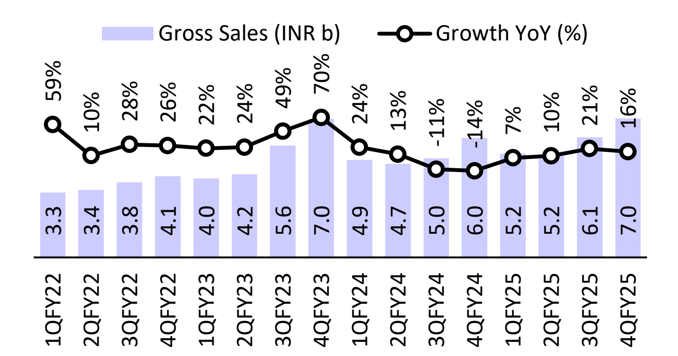
- The company has already identified opportunities in its segments, such as: 1) a capability capex in Spec Chem with INR360m in peak revenue (first dispatch in Feb'25); 2) Fermion contract with a value of USD30m over three years; and, 3) a strategic agreement with Chemours to set up an initial commercial capacity for manufacturing of an innovative liquid cooling product (expected commissioning in 1QFY27), among others.
- We expect a CAGR of 24%/30%/39% in revenue/EBITDA/adj. PAT over FY25-27. The stock is trading at ~41x FY27E EPS of INR112.4 and ~26x FY27E EV/EBITDA. We value the company at 45x FY27E EPS to arrive at our TP of INR5,060. Valuations remain expensive, thus **we maintain our Neutral rating.**

Consolidated - Quarterly Snapshot (INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Gross Sales	**4,912**	**4,718**	**5,001**	**6,020**	**5,237**	**5,186**	**6,062**	**7,009**	**20,650**	**23,494**	**6,963**	**1%**
YoY Change (%)	23.6	12.5	-11.3	-13.6	6.6	9.9	21.2	16.4	-0.6	13.8	15.7	
Gross Margin (%)	58.7%	57.2%	54.1%	50.0%	56.0%	56.8%	56.6%	54.2%	54.7%	55.8%	59.6%	-5.4%
EBITDA	**1,142**	**983**	**757**	**1,101**	**1,004**	**1,074**	**1,473**	**1,787**	**3,983**	**5,337**	**1,839**	**-3%**
Margin (%)	23.3	20.8	15.1	18.3	19.2	20.7	24.3	25.5	19.3	22.7	26.4	-0.9
Depreciation	213	243	249	257	267	279	296	353	962	1,194	317	
Interest	194	200	177	174	156	139	202	283	746	779	247	
Other Income	83	231	119	125	103	112	105	118	559	437	109	
PBT before EO expense	**818**	**772**	**450**	**794**	**683**	**768**	**1,080**	**1,270**	**2,834**	**3,801**	**1,385**	**-8%**
Extra-Ord. expense	0	0	521	0	0	0	0	0	521	0	0	
PBT	**818**	**772**	**972**	**794**	**683**	**768**	**1,080**	**1,270**	**3,355**	**3,801**	**1,385**	**-8%**
Tax	202	166	191	90	171	179	244	320	650	915	349	
Rate (%)	24.8	21.5	19.7	11.4	25.0	23.4	22.6	25.2	19.4	24.1	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**615**	**606**	**780**	**704**	**512**	**588**	**836**	**950**	**2,705**	**2,886**	**1,035**	**-8%**
Adj. PAT	**615**	**606**	**362**	**704**	**512**	**588**	**836**	**950**	**2,285**	**2,886**	**1,035**	**-8%**
YoY Change (%)	-17.4	4.8	-66.1	-48.4	-16.8	-2.9	131.2	35.0	-39.1	26.3	47.1	
Margin (%)	12.5	12.8	7.2	11.7	9.8	11.3	13.8	13.6	11.1	12.3	14.9	-1.3
Segmental Revenue (INR m)												
High Performance Products (HPP)	1,690	2,381	2,510	2,970	2,810	2,930	3,060	3,260	9,551	12,060	3,339	-2%
Specialty Chemicals	2,300	1,855	1,750	2,570	1,620	1,580	2,210	2,590	8,475	8,000	2,686	-4%
CDMO	920	482	730	480	810	680	790	1,150	2,612	3,430	933	23%

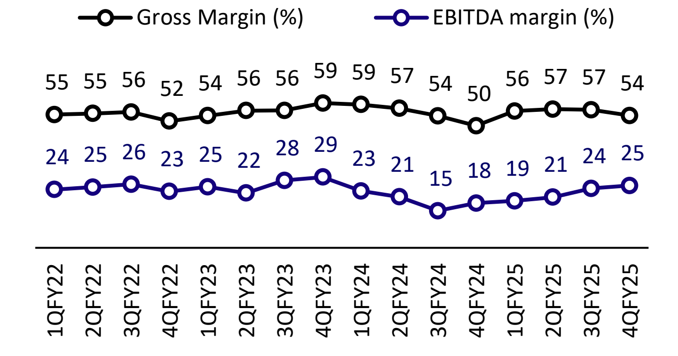
Story in charts – 4QFY25

Exhibit 1: Sales increased 16% YoY



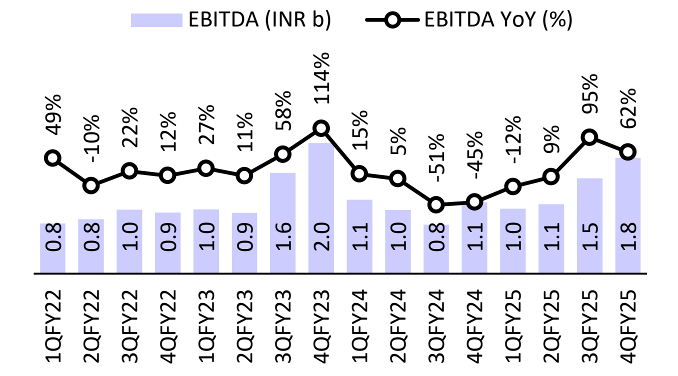
Source: Company, MOFSL

Exhibit 2: Margins expanded YoY in 4QFY25



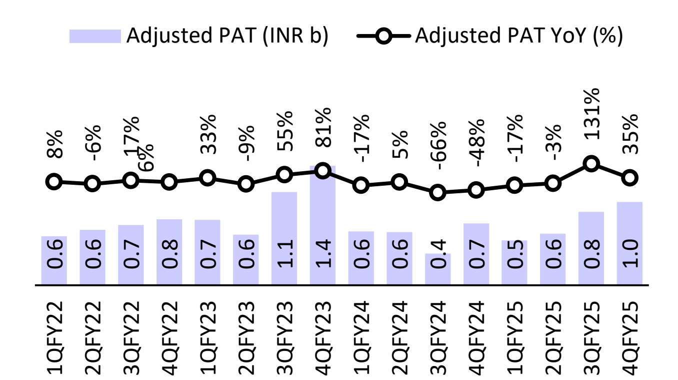
Source: Company, MOFSL

Exhibit 3: EBITDA grew 62% YoY



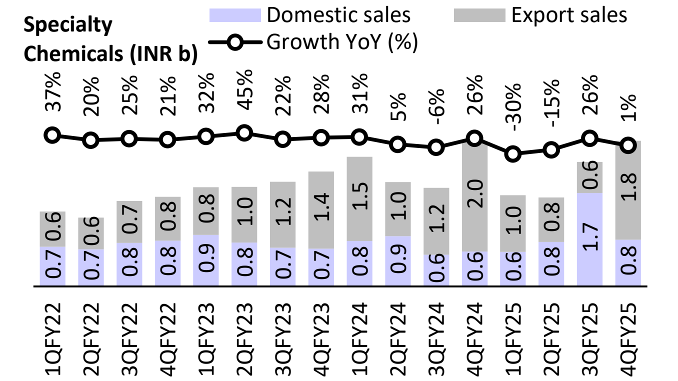
Source: Company, MOFSL

Exhibit 4: Adjusted PAT rose 35% YoY



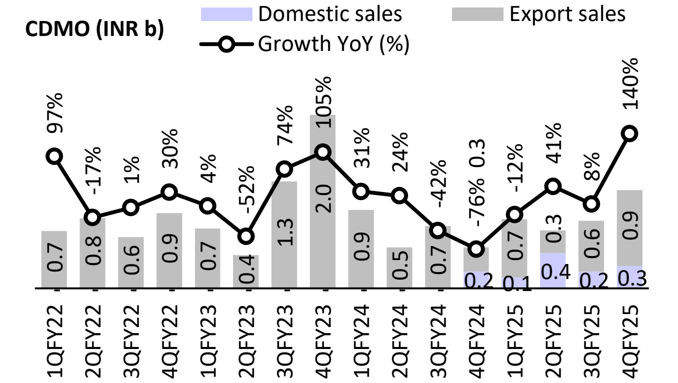
Source: Company, MOFSL

Exhibit 5: Specialty Chemicals revenue up 1% YoY



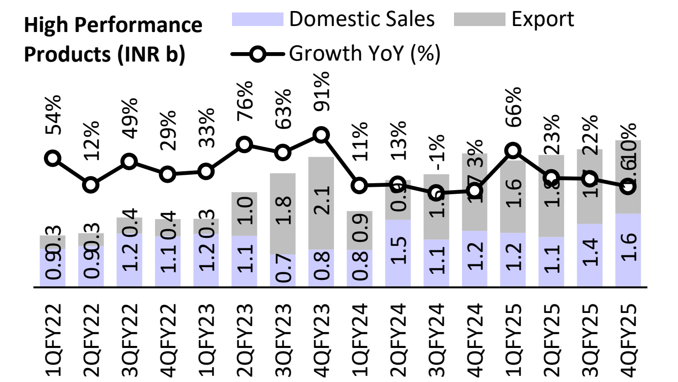
Source: Company, MOFSL

Exhibit 6: CDMO revenue increased 140% YoY



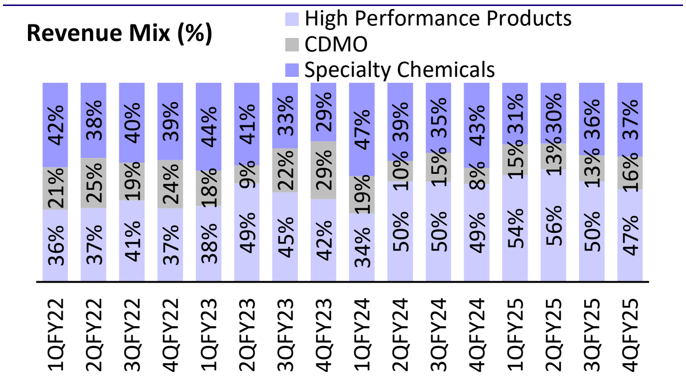
Source: Company, MOFSL

Exhibit 7: HPP sales grew 10% YoY



Source: Company, MOFSL

Exhibit 8: Revenue mix for the quarter



Source: Company, MOFSL

CONFERENCE CALL

Management concall highlights

- Multiple strategic levers resulted in a robust performance in 4QFY25
- Stable momentum in all segments in 4QFY25
- Maintained D:E ratio of 0.37x with OCF of INR5.7b in FY25
- New agreement updates
  - Strategic agreement with Chemours in HPP segment
  - Technological tie-up with Buss ChemTech AG for production of Solar & Electronic Grade HF for NFIL (in HPP segment)
- Project updates
  - Successfully commercialized additional R32 in Mar'25- R32 plant running at optimum utilization
  - AHF capex for INR4.5b is expected to be commissioned by 2QFY26
  - 2 new molecules planned in Spec Chem, supplies to begin in 1QFY26
  - Capability capex of INR300m at Surat- Dispatches commenced in Feb'25
  - cGMP4 capex for INR2.9b– Phase 1 capex of INR1.6b on track to commission by end of 3QFY26
- HPP
  - Revenue boosted by higher volumes and improved realization
  - Chemours agreement
    - This is only the initial capacity for the adoption of their proprietary product into the market
  - Buss ChemTech AG technology tie-up
    - N5 grade of solar applications- higher electronic grade- distillation to high-purity product
    - No capex announced as of now but could culminate into one- first priority was to get the right partner for the product
    - This is not similar to the Chemours agreement and branding would be of NFIL on the product
- Spec Chem
  - Optimum capacity utilization at both Dahej and Surat- strong order visibility for FY26
  - 2 new fluoro intermediates being introduced for a customer who has validated agrochem intermediate products
  - ATR ~1.3-1.5x of segment
  - Fluorospecialty plant utilization expected to be ~50-55% in FY26
  - Pricing pressure is going to remain even as there would be volume-led growth
- CDMO
  - European CDMO MSA
    - Orders in hand for CY25
    - New molecule orders received for deliveries in FY26
  - EU major customer: Order received for supply in FY26
  - US major customer: Commercial order expected for delivery in FY26 (Scale-up order delivered)
  - Strategy is to balance late-stage and commercialized-stage molecules
    - Guidance intact on the aspirational target of ~USD100m revenue- 1/3 from any new MSA, 1/3rd from the Fermion contract and 1/3rd from the base business
  - ATR ~2x of segment
- Impact of US reciprocal tariffs
  - Right now negligible impact; but initially too, impact was neutral to positive

  - Customers have not changed their strategic decisions as such w.r.t. FY26 order book
  - However, the company would always be watchful of the headwinds due to the tariffs
- Inventory days have come down and are sustainable- continuously monitoring the levels of inventory and aligning it w.r.t. the order book
- Gross margin outlook looks pretty decent as Sulphur prices and some other RM prices are softening, so GM could expand
- EBITDAM guidance of 23-26% for FY26

Financial story in charts

Exhibit 9: Expect ~24% revenue CAGR over FY25-27…

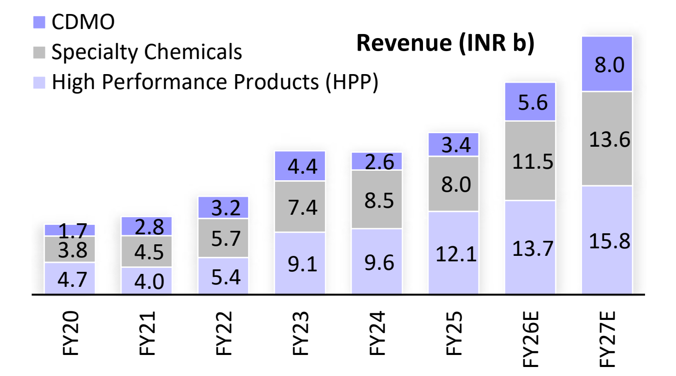


Exhibit 10: …with CDMO clocking a CAGR of 53%

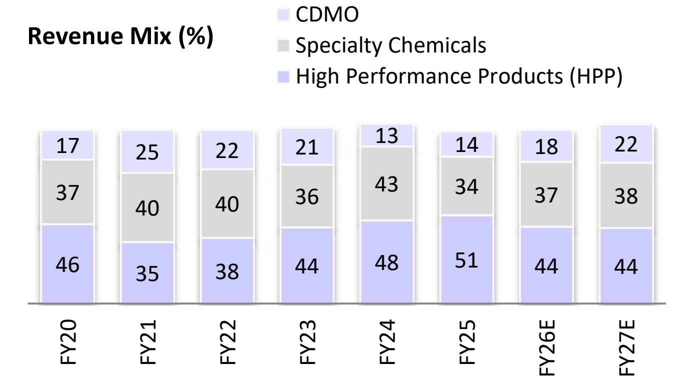


Exhibit 11: Exports were ~56% of the total revenue in FY25…

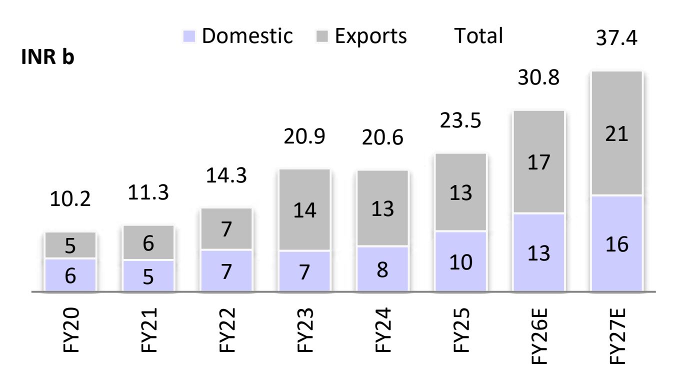


Exhibit 12: …and are expected to be at same level in FY27

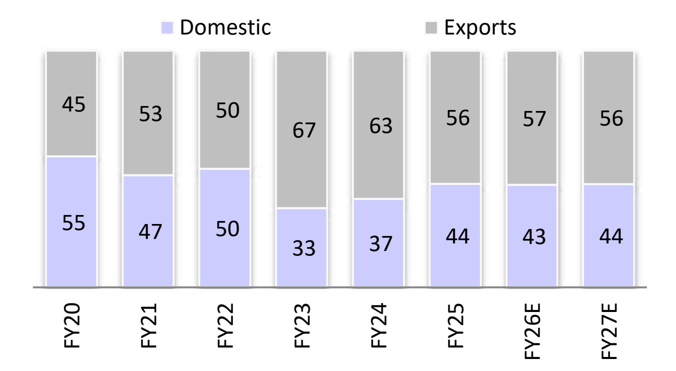


Exhibit 13: Expect ~30% EBITDA CAGR over FY25-27…

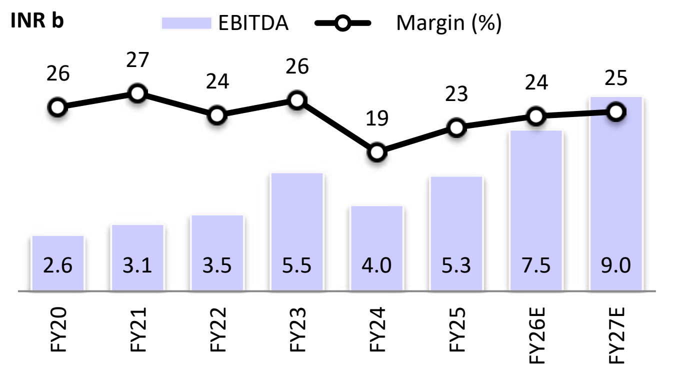


Exhibit 14: …with adj. PAT CAGR of ~39% during FY25-27

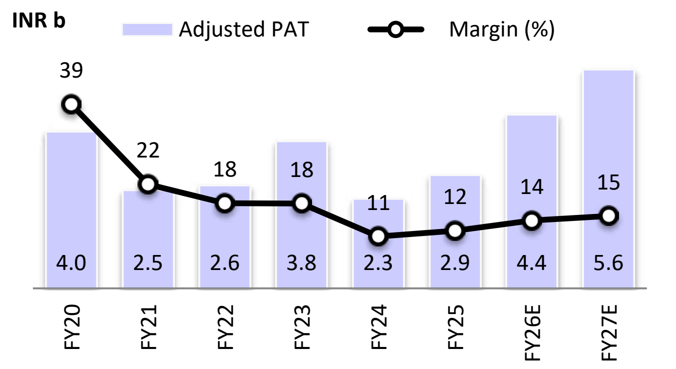
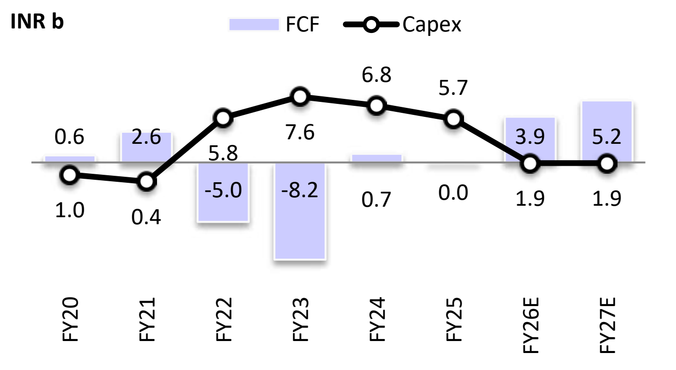
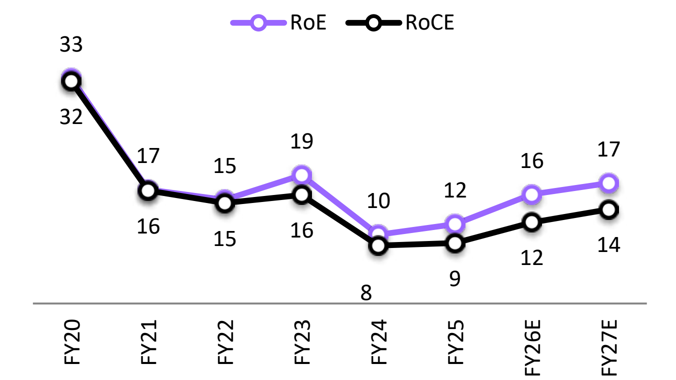


Exhibit 15: Capex to be at ~INR3.9b over FY26-27



Source: Company, MOFSL

Exhibit 16: Return ratios likely to improve going forward



Source: Company, MOFSL

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**	**30,764**	**36,229**
Change (%)	7.0	10.8	28.3	42.9	-0.6	13.8	30.9	17.8
Gross Margin (%)	54.5	54.9	54.2	56.9	54.7	55.8	56.3	56.8
EBITDA	**2,607**	**3,108**	**3,548**	**5,503**	**3,983**	**5,337**	**7,467**	**9,020**
Margin (%)	25.5	27.4	24.4	26.5	19.3	22.7	24.3	24.9
Depreciation	337	407	479	626	962	1,194	1,267	1,344
EBIT	**2,270**	**2,702**	**3,069**	**4,877**	**3,021**	**4,143**	**6,200**	**7,676**
Int. and Finance Charges	16	14	19	275	746	779	753	729
Other Income	313	745	392	357	559	437	477	507
PBT bef. EO Exp.	**2,567**	**3,433**	**3,442**	**4,959**	**2,834**	**3,801**	**5,924**	**7,453**
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**	**5,924**	**7,453**
Total Tax	-1,431	1,103	812	1,207	650	915	1,491	1,876
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**	**4,433**	**5,577**
Adjusted PAT	**3,998**	**2,508**	**2,631**	**3,752**	**2,285**	**2,886**	**4,433**	**5,577**
Change (%)	169.3	-37.3	4.9	42.6	-39.1	26.3	53.6	25.8
Margin (%)	39.1	22.1	18.1	18.1	11.1	12.3	14.4	15.4

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	99	99
Total Reserves	13,790	16,402	18,343	21,750	23,728	26,163	29,684	34,114
Net Worth	**13,889**	**16,501**	**18,442**	**21,850**	**23,827**	**26,262**	**29,783**	**34,213**
Total Loans	0	0	1,000	8,487	13,399	14,407	12,967	11,346
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**	**43,504**	**46,313**
Gross Block	4,643	4,937	5,714	17,629	20,890	30,712	32,642	34,572
Less: Accum. Deprn.	1,053	1,459	1,938	2,565	3,526	4,721	5,988	7,332
Net Fixed Assets	**3,591**	**3,478**	**3,776**	**15,065**	**17,363**	**25,992**	**26,654**	**27,240**
Capital WIP	389	365	7,421	2,786	7,111	3,498	3,498	3,498
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**	**16,104**	**19,872**
Inventory	1,361	1,543	2,575	4,681	3,717	3,224	4,137	4,832
Account Receivables	2,093	2,759	3,577	5,615	5,125	5,824	7,626	8,981
Cash and Bank Balance	2,640	3,889	902	348	276	405	1,151	2,869
Cash	1,692	761	757	145	66	197	942	2,661
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**	**8,923**	**10,467**
Account Payables	922	1,027	141	2,435	3,025	3,270	4,195	4,900
Other Current Liabilities	590	824	3,879	1,944	2,569	3,342	4,376	5,153
Provisions	131	147	191	231	306	269	352	415
Net Current Assets	**5,398**	**8,322**	**7,266**	**11,001**	**7,064**	**5,764**	**7,181**	**9,405**
Appl. of Funds	**14,096**	**16,668**	**19,644**	**30,684**	**37,869**	**41,424**	**43,504**	**46,313**

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**	**89.4**	**112.4**
EPS Growth (%)	**169.3**	**-37.3**	**4.7**	**42.6**	**-39.1**	**26.2**	**53.6**	**25.8**
Cash EPS	87.6	58.9	62.8	88.4	65.5	82.3	114.9	139.6
BV/Share	280.7	333.5	372.2	441.0	480.9	529.5	600.5	689.8
DPS	11.0	11.0	11.0	12.0	15.0	12.0	18.4	23.1
Payout (%)	17.9	18.2	20.7	15.8	27.4	20.6	20.6	20.6
Valuation (x)								
P/E	56.7	90.4	86.3	60.5	99.3	78.7	51.3	40.7
Cash P/E	52.3	77.8	73.0	51.8	69.9	55.7	39.9	32.8
P/BV	16.3	13.7	12.3	10.4	9.5	8.7	7.6	6.6
EV/Sales	21.9	19.7	15.6	11.3	11.6	10.3	7.8	6.5
EV/EBITDA	85.9	71.7	64.0	42.7	60.3	45.2	32.0	26.1
Dividend Yield (%)	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.5
FCF per share	11.8	52.1	-101.1	-165.3	14.5	0.9	77.6	105.2
Return Ratios (%)								
RoE	32.7	16.5	15.1	18.6	10.0	11.5	15.8	17.4
RoCE	32.2	16.4	14.6	15.7	8.4	8.8	11.8	13.6
RoIC	55.7	25.3	26.0	20.1	9.4	11.0	14.1	16.8
Working Capital Ratios								
Fixed Asset Turnover (x)	3.2	3.2	4.0	2.2	1.3	1.1	1.2	1.3
Asset Turnover (x)	0.7	0.7	0.7	0.7	0.5	0.6	0.7	0.8
Inventory (Days)	49	50	65	82	66	50	49	49
Debtor (Days)	75	89	90	99	91	90	90	90
Creditor (Days)	33	33	4	43	53	51	50	49
Leverage Ratio (x)								
Current Ratio	4.3	5.2	2.7	3.4	2.2	1.8	1.8	1.9
Net Debt/Equity ratio	-0.2	-0.2	0.0	0.4	0.6	0.5	0.4	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	5,924	7,453
Depreciation	337	407	479	626	962	1,194	1,267	1,344
Others	-210	-1,054	-289	184	-86	560	753	729
Direct Taxes Paid	-456	-186	-781	-1,098	-343	-780	-1,491	-1,876
(Inc.)/Dec. in WC	-684	-305	-2,104	-5,308	3,611	933	-672	-505
CF from Operations	**1,555**	**2,958**	**748**	**-636**	**7,499**	**5,708**	**5,781**	**7,146**
Capex	-972	-382	-5,758	-7,555	-6,783	-5,665	-1,930	-1,930
Free Cash Flow	**582**	**2,576**	**-5,011**	**-8,191**	**717**	**43**	**3,851**	**5,216**
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**	**-1,930**	**-1,930**
Inc./(Dec.) in Debt	0	0	1,020	7,442	4,913	1,014	-1,441	-1,621
Interest Paid	-16	-14	-19	-275	-746	-786	-753	-729
Dividend Paid	-714	-394	-542	-543	-743	-595	-912	-1,148
CF from Fin. Activity	**-756**	**-437**	**415**	**6,579**	**3,359**	**-467**	**-3,106**	**-3,498**
Inc./Dec. in Cash	**1,565**	**-931**	**-561**	**-613**	**-78**	**131**	**745**	**1,718**
Opening Balance	127	1,692	760	758	144	67	197	942
Closing Balance	**1,692**	**760**	**758**	**144**	**67**	**197**	**942**	**2,661**

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SELL	< - 10%
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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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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