

# Navin Fluorine International

BSE SENSEX  
80,710

S&P CNX  
24,650



## Stock Info

Bloomberg	NFLIN
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

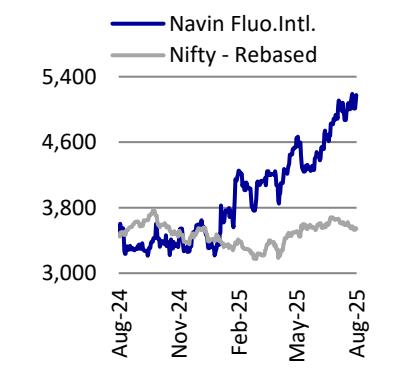
P/E (x)	89.2	58.7	46.2
P/BV (x)	9.8	7.1	6.3
EV/EBITDA (x)	50.9	33.7	27.7
Div. Yield (%)	0.2	0.4	0.4
FCF Yield (%)	0.0	-0.2	0.4

## 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 TFMAP 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.

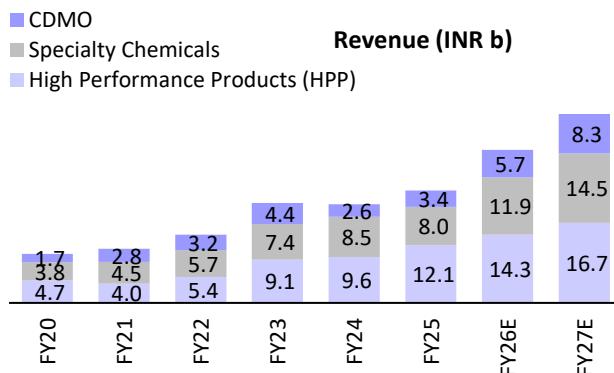
- The global liquid electronic chemicals market is currently valued at INR55b and is expected to reach INR130b by 2030.
- The company has co-developed liquid electronic chemical products in collaboration with Chemours, and the patents are not owned by the company.
- India's rapidly growing data center 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

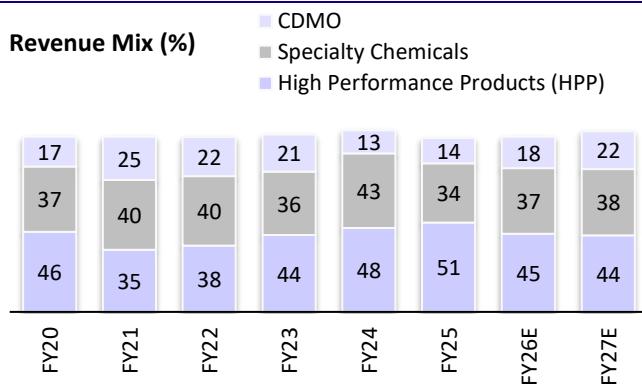
- We believe the company is well-positioned to sustain its growth momentum in FY26, supported by the commercialization of three new molecules in 2QFY26 and material contributions expected from the Fluoro Specialty unit at Dahej, which commenced operations in Dec'24. The company reiterated its EBITDA 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

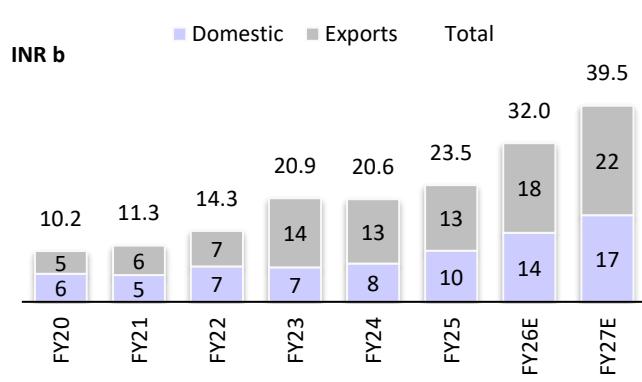
### Exhibit 1: Expect ~30% revenue CAGR over FY25-27



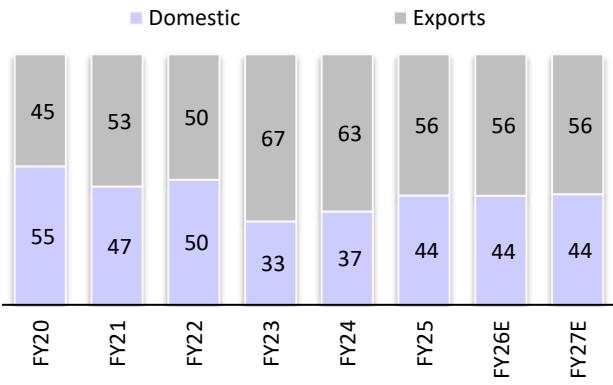
### Exhibit 2: Revenue mix



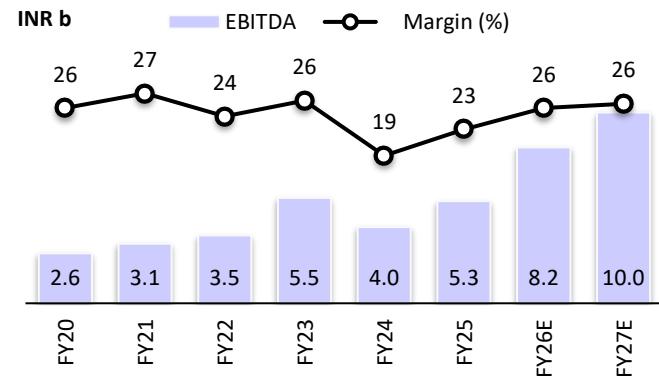
### Exhibit 3: Geographic revenue split



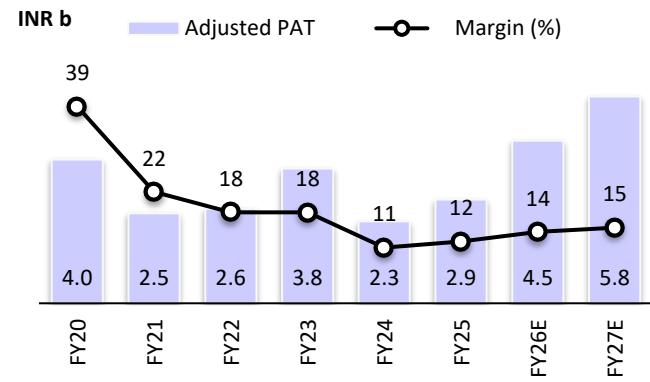
### Exhibit 4: Geographic revenue mix



### 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
<b>Total Income from Operations</b>	<b>10,223</b>	<b>11,331</b>	<b>14,534</b>	<b>20,774</b>	<b>20,650</b>	<b>23,494</b>	<b>31,952</b>	<b>38,292</b>
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
<b>Total Expenditure</b>	<b>7,615</b>	<b>8,223</b>	<b>10,986</b>	<b>15,271</b>	<b>16,667</b>	<b>18,157</b>	<b>23,800</b>	<b>28,313</b>
Gross Margin (%)	54.5	54.9	54.2	56.9	54.7	55.8	56.6	56.8
<b>EBITDA</b>	<b>2,607</b>	<b>3,108</b>	<b>3,548</b>	<b>5,503</b>	<b>3,983</b>	<b>5,337</b>	<b>8,151</b>	<b>9,979</b>
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
<b>EBIT</b>	<b>2,270</b>	<b>2,702</b>	<b>3,069</b>	<b>4,877</b>	<b>3,021</b>	<b>4,143</b>	<b>6,598</b>	<b>8,159</b>
Int. and Finance Charges	16	14	19	275	746	779	1,041	1,059
Other Income	313	745	392	357	559	437	495	594
<b>PBT bef. EO Exp.</b>	<b>2,567</b>	<b>3,433</b>	<b>3,442</b>	<b>4,959</b>	<b>2,834</b>	<b>3,801</b>	<b>6,053</b>	<b>7,694</b>
EO Items	0	662	0	0	521	0	0	0
<b>PBT after EO Exp.</b>	<b>2,567</b>	<b>4,095</b>	<b>3,442</b>	<b>4,959</b>	<b>3,355</b>	<b>3,801</b>	<b>6,053</b>	<b>7,694</b>
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
<b>Reported PAT</b>	<b>3,998</b>	<b>2,992</b>	<b>2,631</b>	<b>3,752</b>	<b>2,705</b>	<b>2,886</b>	<b>4,529</b>	<b>5,757</b>
<b>Adjusted PAT</b>	<b>3,998</b>	<b>2,508</b>	<b>2,631</b>	<b>3,752</b>	<b>2,285</b>	<b>2,886</b>	<b>4,529</b>	<b>5,757</b>
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
<b>Net Worth</b>	<b>13,889</b>	<b>16,501</b>	<b>18,442</b>	<b>21,850</b>	<b>23,827</b>	<b>26,262</b>	<b>37,357</b>	<b>41,929</b>
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
<b>Capital Employed</b>	<b>14,096</b>	<b>16,668</b>	<b>19,644</b>	<b>30,684</b>	<b>37,869</b>	<b>41,424</b>	<b>48,196</b>	<b>53,777</b>
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
<b>Net Fixed Assets</b>	<b>3,591</b>	<b>3,478</b>	<b>3,776</b>	<b>15,065</b>	<b>17,363</b>	<b>25,992</b>	<b>30,737</b>	<b>35,777</b>
Capital WIP	389	365	7,421	2,786	7,111	3,498	4,200	4,340
<b>Total Investments</b>	<b>3,387</b>	<b>4,503</b>	<b>1,181</b>	<b>955</b>	<b>5,453</b>	<b>5,293</b>	<b>5,293</b>	<b>5,293</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>7,042</b>	<b>10,319</b>	<b>11,477</b>	<b>15,610</b>	<b>12,964</b>	<b>12,644</b>	<b>16,285</b>	<b>18,473</b>
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
<b>Curr. Liability and Prov.</b>	<b>1,644</b>	<b>1,998</b>	<b>4,211</b>	<b>4,609</b>	<b>5,900</b>	<b>6,880</b>	<b>9,196</b>	<b>10,983</b>
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
<b>Net Current Assets</b>	<b>5,398</b>	<b>8,322</b>	<b>7,266</b>	<b>11,001</b>	<b>7,064</b>	<b>5,764</b>	<b>7,089</b>	<b>7,490</b>
<b>Appl. of Funds</b>	<b>14,096</b>	<b>16,668</b>	<b>19,644</b>	<b>30,684</b>	<b>37,869</b>	<b>41,424</b>	<b>48,196</b>	<b>53,777</b>

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>								
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
<b>Valuation (x)</b>								
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
<b>Return Ratios (%)</b>								
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
<b>Working Capital Ratios</b>								
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
<b>Leverage Ratio (x)</b>								
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

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
<b>CF from Operations</b>	<b>1,555</b>	<b>2,958</b>	<b>748</b>	<b>-636</b>	<b>7,499</b>	<b>5,708</b>	<b>6,340</b>	<b>8,050</b>
Capex	-972	-382	-5,758	-7,555	-6,783	-5,665	-7,000	-7,000
<b>Free Cash Flow</b>	<b>582</b>	<b>2,576</b>	<b>-5,011</b>	<b>-8,191</b>	<b>717</b>	<b>43</b>	<b>-660</b>	<b>1,050</b>
Change in Investments	1,706	-914	3,757	799	-4,313	402	0	0
<b>CF from Investments</b>	<b>766</b>	<b>-3,452</b>	<b>-1,724</b>	<b>-6,556</b>	<b>-10,936</b>	<b>-5,110</b>	<b>-7,000</b>	<b>-7,000</b>
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
<b>CF from Fin. Activity</b>	<b>-756</b>	<b>-437</b>	<b>415</b>	<b>6,579</b>	<b>3,359</b>	<b>-467</b>	<b>1,202</b>	<b>-1,235</b>
<b>Inc./Dec. in Cash</b>	<b>1,565</b>	<b>-931</b>	<b>-561</b>	<b>-613</b>	<b>-78</b>	<b>131</b>	<b>543</b>	<b>-185</b>
Opening Balance	127	1,692	760	758	144	67	197	740
<b>Closing Balance</b>	<b>1,692</b>	<b>760</b>	<b>758</b>	<b>144</b>	<b>67</b>	<b>197</b>	<b>740</b>	<b>554</b>

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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Rajani

Name: [nainesh.rajani@motilaloswal.com](mailto: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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