

# Navin Fluorine International

BUY

Going from Strength to Strength: Maintain BUY

## Summary

Navin Fluorine International (NFIL) delivered a solid performance yet again in the quarter. Revenue for HPP, Specialty Chemicals and CDMO grew by 35%, 60% and 61% respectively on YoY basis. Margins increased by ~ 10 percentage points YoY to ~34.5% majorly owing to strong performance of the specialty chemicals segment and operating leverage led benefits. All the 3 business verticals of HPP, Specialty Chemicals and CDMO have strong revenue visibility for FY26 and FY27. The Specialty chemicals segment clocked in highest ever quarterly revenue led by increasing utilization levels in MPP-1, MPP-2 and the Nectar plant. We fine tune our FY26 and FY27 estimates to bake in higher growth. We maintain our BUY rating with revised TP of Rs 8,265 at 45xFY28 expected earnings. NFIL should exhibit strong profitability on strong tailwinds in all business verticals going forward.

## Key Highlights and Investment Rationale

- Subsidiary-NFASL sees sharp profitability jump:** Optimum utilization for MPP-1, 70% utilization for MPP-2 and about 50% utilization for Nectar led to sharp operating leverage led benefits resulting in highest ever quarterly revenue for the Specialty Chemicals segment. Steady volume driven recovery is expected by key agrochem customers in FY27 which bodes well for NFIL. Optimum utilization is expected for Project Nectar in FY27.
- Healthy CDMO pipeline:** NFIL is targeting \$100mn of CDMO revenue by FY27 and 35-40% of this ambitious target is expected to be contributed by a prominent European CDMO. This particular MSA has a strong outlook for 3-5 years. CGMP-4 plant is expected to see full utilization in FY27 owing to the same. CDMO is witnessing significant and healthy tailwinds with NFIL targeting a 50:50 mix of early and late stage molecules.

TP	Rs8,265			Key Stock Data	
CMP	Rs6,602				
Potential upside/downside		25%			
Previous Rating		BUY			
Price Performance (%)					
	-1m	-3m	-12m		
Absolute	15.8	10.6	56.4		
Rel to Sensex	15.2	9.6	48.4		
V/s Consensus				Shareholding Pattern (%)	
EPS (Rs)	FY26E	FY27E	FY28E		
IDBI Capital	124	150	184	Promoters	27.1
Consensus	106	133	160	FII	23.7
% difference	16.7	13.0	15.2	DII	17.8
				Public	31.3

Year	FY24	FY25	FY26E	FY27E	FY28E	(Rs mn)
Revenue	20,650	23,494	33,227	40,655	50,263	
Change yoy, (%)	(1)	14	41	22	24	
EBITDA	3,983	5,337	10,470	12,097	14,547	
Change yoy, (%)	(28)	34	96	16	20	
EBITDA Margin(%)	19.3	22.7	31.5	29.8	28.9	
Adj.PAT	2,184	2,886	6,365	7,661	9,412	
EPS (Rs)	43	56	124	150	184	
Change yoy, (%)	(41.8)	32.2	120.6	20.4	22.8	
PE(x)	154.9	117.2	53.1	44.2	35.9	
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2	
P/B (x)	14.2	12.9	8.6	7.3	6.1	
RoE (%)	9.2	11.0	16	16	17	
RoCE (%)	16.2	9	11	15	15	

Source: IDBI Capital Research, Company

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**Exhibit 1: Quarterly Snapshot (Consolidated)**

Consolidated (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ%
<b>Net Sales</b>	<b>8,924</b>	<b>6,062</b>	<b>47.2%</b>	<b>7,584</b>	<b>17.7%</b>
<b>Expenditure</b>	<b>-5,848</b>	<b>-4,589</b>	<b>27.4%</b>	<b>-5,123</b>	<b>14.2%</b>
<i>as % of sales</i>	<i>-66%</i>	<i>-76%</i>		<i>-68%</i>	
Consumption of RM	-3,677	-2,632	39.7%	-3,129	17.5%
<i>as % of sales</i>	<i>-41%</i>	<i>-43%</i>		<i>-41%</i>	
Employee Cost	-757	-713	6.2%	-730	3.6%
<i>as % of sales</i>	<i>-8%</i>	<i>-12%</i>	<i>-27.9%</i>	<i>-10%</i>	
Other expenditure	-1,414	-1,245	13.6%	-1,263	12.0%
<i>as % of sales</i>	<i>-16%</i>	<i>-14%</i>	<i>13.6%</i>	<i>-17%</i>	
<b>EBITDA</b>	<b>3,076</b>	<b>1,473</b>	<b>108.8%</b>	<b>2,462</b>	<b>24.9%</b>
Depreciation	-362	-296	22.3%	-366	-1.1%
<b>EBIT</b>	<b>2,714</b>	<b>1,178</b>	<b>130.5%</b>	<b>2,096</b>	<b>29.5%</b>
Other Income	156	105	48.7%	182	-14.4%
Interest	-283	-202	39.8%	-303	-6.7%
Exceptional	-205	0	-	0	
PBT	2,383	1,080	120.6%	1,975	20.6%
Total Tax	-529	-244	116.5%	-491	7.6%
<b>Reported PAT</b>	<b>1,854</b>	<b>836</b>	<b>121.8%</b>	<b>1,484</b>	<b>25.0%</b>
Discontinued Ops	-205	0	-	0	NA
<b>Adjusted PAT</b>	<b>2,013</b>	<b>836</b>	<b>140.8%</b>	<b>1,484</b>	<b>35.7%</b>
<b>Adjusted EPS</b>	<b>39</b>	<b>17</b>	<b>133.0%</b>	<b>29</b>	<b>35.7%</b>
<b>Margins (%)</b>			<b>YoY (bps)</b>		<b>QoQ (bps)</b>
EBIDTA	34.5%	24.3%	1,017	32.5%	201
EBIT	30.4%	19.4%	1,099	27.6%	278
EBT	26.7%	17.8%	888	26.0%	66
PAT	20.8%	13.8%	699	19.6%	121
Effective Tax rate	22.2%	22.6%	(42)	24.9%	(269)

Source: Company, IDBI Capital

**Exhibit 2: Quarterly Segmental Snapshot (Consolidated)**

Segment Revenue (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ%
Speciality Chemicals	3,540	2210	60%	2,200	61%
HPP	4,120	3060	35%	4,040	2%
CDMO	1,270	790	61%	1,340	-5%
<b>Total</b>	<b>8,930</b>	<b>6,060</b>		<b>7,580</b>	

Source: Company, IDBI Capital

## Conference call highlights:

### Demand Scenario

- HPP: Revenue grew 35% YoY to Rs4.12Bn, driven by higher realizations and volumes in a constructive HFC pricing environment. R32 utilization remained at 100% during the quarter.
- Specialty Chemicals: Achieved highest-ever quarterly revenue of Rs3.54Bn (+60% YoY). Strong order visibility exists for Q4 and beyond, supported by volume uptake projections from agrochem players.
- CDMO: Maintained strong momentum with 61% YoY growth Rs1.27Bn, driven by a balanced portfolio of early and commercial-stage molecules.

### Capex Plans

- The AHF project was successfully commissioned in Q4FY26, with commercial dispatches already commenced.
- An incremental capacity of 15,000 MTPA (Rs2.3Bn) for R32 is targeted for Q3FY27.
- The Capacity expansion at Dahej (Rs750Mn) to support new molecule launches is expected by Q3FY27.
- The initial commercial capacity for innovative liquid cooling (Rs1.2Bn) is on track for Q1FY27.

### Future Outlook

- The company surpassed its full-year FY25 revenue within the first 9 months of FY26.
- The CDMO Vertical is inching closer to the aspirational revenue target of \$100 million. The European MSA is expected to reach full utilization in FY27.
- The Nectar project is at 50% utilization, with management aiming to secure the remaining capacity by FY27.
- NFIL is Actively evaluating opportunities in the semiconductor and electronic value chains, specifically targeting the ~\$3 billion global liquid cooling market.

**Exhibit 3: Change in estimates**

	FY26E			FY27E		
	Old	New	(%) Chg	Old	New	(%) Chg
Revenue (Rs mn)	32,427	33,227	2.5%	39,727	40,655	2.3%
EBITDA (Rs mn)	9,419	10,470	11.2%	11,226	12,097	7.8%
EBITDA margin (%)	29%	32%	-251	28.3%	29.8%	-146
Net profit (Rs mn)	5,943	6,365	7.1%	7,160	7,661	7.0%
EPS (Rs)	116	124.2	7.1%	140	149.5	6.8%

Source: Company; IDBI Capital Research

## Financial Summary

### Profit & Loss Account

	(Rs mn)					
Year-end: March	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net sales</b>	<b>20,774</b>	<b>20,650</b>	<b>23,494</b>	<b>33,227</b>	<b>40,655</b>	<b>50,263</b>
<i>Change (yoY, %)</i>	43	(1)	14	41	22	24
Operating expenses	(15,271)	(16,667)	(18,157)	(22,756)	(28,558)	(35,716)
<b>EBITDA</b>	<b>5,503</b>	<b>3,983</b>	<b>5,337</b>	<b>10,470</b>	<b>12,097</b>	<b>14,547</b>
<i>Change (yoY, %)</i>	55	(28)	34	96	16	20
<i>Margin (%)</i>	26.5	19.3	22.7	31.5	29.8	28.9
Depreciation	(626)	(962)	(1,194)	(1,491)	(1,784)	(2,054)
<b>EBIT</b>	<b>4,877</b>	<b>3,021</b>	<b>4,143</b>	<b>8,979</b>	<b>10,313</b>	<b>12,493</b>
Interest paid	(275)	(746)	(779)	(1,225)	(1,198)	(1,324)
Other income	357	559	437	621	965	1,214
<b>Pre-tax profit</b>	<b>4,959</b>	<b>3,355</b>	<b>3,801</b>	<b>8,375</b>	<b>10,080</b>	<b>12,384</b>
Tax	(1,207)	(650)	(915)	(2,010)	(2,419)	(2,972)
<i>Effective tax rate (%)</i>	24.3	19.4	24.1	24.0	24.0	24.0
Minority Interest	(0.0)	-	-	-	-	-
<b>Net profit</b>	<b>3,752</b>	<b>2,705</b>	<b>2,886</b>	<b>6,365</b>	<b>7,661</b>	<b>9,412</b>
Exceptional items	-	521	-	-	-	-
<b>Adjusted net profit</b>	<b>3,752</b>	<b>2,184</b>	<b>2,886</b>	<b>6,365</b>	<b>7,661</b>	<b>9,412</b>
<i>Change (yoY, %)</i>	43	(42)	32	121	20	23
EPS	73.2	42.6	56.3	124.2	149.5	183.7
Dividend per sh	10.6	14.5	11.6	11.6	11.6	11.6
<i>Dividend Payout (%)</i>	14.5	34	21	9	8	6

Balance Sheet							(Rs mn)
Year-end: March	FY23	FY24	FY25	FY26E	FY27E	FY28E	
<b>Shareholders' funds</b>	<b>21,850</b>	<b>23,827</b>	<b>26,262</b>	<b>39,367</b>	<b>46,433</b>	<b>55,250</b>	
Share capital	99	99	99	99	99	99	99
Reserves & surplus	21,750	23,728	26,163	39,268	46,334	55,151	
<b>Total Debt</b>	<b>8,487</b>	<b>13,399</b>	<b>14,407</b>	<b>16,207</b>	<b>13,534</b>	<b>15,034</b>	
Other liabilities	8,229	11,364	12,895	14,395	15,895	17,395	
<b>Curr Liab &amp; prov</b>	<b>5,294</b>	<b>8,700</b>	<b>9,211</b>	<b>10,582</b>	<b>11,917</b>	<b>13,645</b>	
Current liabilities	5,215	8,579	9,147	10,518	11,852	13,581	
Provisions	80	121	65	65	65	65	
<b>Total liabilities</b>	<b>13,443</b>	<b>19,943</b>	<b>22,042</b>	<b>24,913</b>	<b>27,747</b>	<b>30,976</b>	
<b>Total equity &amp; liabilities</b>	<b>35,293</b>	<b>43,770</b>	<b>48,304</b>	<b>64,280</b>	<b>74,180</b>	<b>86,226</b>	
Net fixed assets	18,397	24,868	29,904	34,913	39,629	43,075	
Investments	130	596	577	577	577	577	
Other non-curr assets	2,104	2,775	1,934	1,934	1,934	1,934	
<b>Current assets</b>	<b>14,662</b>	<b>15,532</b>	<b>15,888</b>	<b>26,856</b>	<b>32,040</b>	<b>40,640</b>	
Inventories	4,681	3,717	3,224	4,281	5,301	6,709	
Sundry Debtors	5,615	5,125	5,824	8,237	10,078	12,460	
Cash and Bank	348	275	405	4,904	3,227	4,035	
Loans and advances	4,017	6,409	6,434	9,434	13,434	17,434	
<b>Total assets</b>	<b>35,293</b>	<b>43,770</b>	<b>48,304</b>	<b>64,280</b>	<b>74,180</b>	<b>86,226</b>	

Cash Flow Statement							(Rs mn)
Year-end: March	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Pre-tax profit	4,959	3,355	3,801	8,375	10,080	12,384	
Depreciation	626	962	1,194	1,491	1,784	2,054	
Tax paid	(1,098)	(343)	(780)	(2,010)	(2,419)	(2,972)	
Chg in working capital	(5,595)	4,143	1,907	(2,398)	(1,827)	(2,362)	
Other operating activities	184	(86)	561	1,225	1,198	1,324	
<b>Cash flow from operations (a)</b>	<b>(636)</b>	<b>7,499</b>	<b>5,708</b>	<b>6,683</b>	<b>8,815</b>	<b>10,427</b>	
Capital expenditure	(7,555)	(6,783)	(5,608)	(6,500)	(6,500)	(5,500)	
Chg in investments	799	(4,347)	(56)	(3,000)	(4,000)	(4,000)	
Other investing activities	200	195	554	-	-	-	
<b>Cash flow from investing (b)</b>	<b>(6,556)</b>	<b>(10,935)</b>	<b>(5,111)</b>	<b>(9,500)</b>	<b>(10,500)</b>	<b>(9,500)</b>	
Equity raised/(repaid)	-	-	1	7,335	-	-	
Debt raised/(repaid)	7,442	4,913	1,014	1,800	1,800	1,800	
Dividend (incl. tax)	(543)	(745)	(595)	(595)	(595)	(595)	
Chg in minorities	-	-	-	-	-	-	
Other financing activities	(320)	(811)	(888)	(1,225)	(1,198)	(1,324)	
<b>Cash flow from financing (c)</b>	<b>6,579</b>	<b>3,357</b>	<b>(467)</b>	<b>7,315</b>	<b>7</b>	<b>(119)</b>	
<b>Net chg in cash (a+b+c)</b>	<b>(613)</b>	<b>(78)</b>	<b>130</b>	<b>4,498</b>	<b>(1,677)</b>	<b>808</b>	

### Financial Ratios

Year-end: March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Book Value (Rs)	426	465	513	768	906	1,078
<i>Adj EPS (Rs)</i>	73.2	42.6	56.3	124.2	149.5	183.7
<i>Adj EPS growth (%)</i>	43	-42	32	121	20	23
<i>EBITDA margin (%)</i>	26.5	19.3	22.7	31.5	29.8	28.9
<i>Pre-tax margin (%)</i>	23.9	16.2	16.2	25.2	24.8	24.6
<i>Net Debt/Equity (x)</i>	0.37	0.55	0.53	0.29	0.22	0.20
<i>ROCE (%)</i>	16	9	11	17	17	17
<i>ROE (%)</i>	17	9	11	16	16	17
DuPont Analysis						
Asset turnover (x)	0.6	0.5	0.5	0.5	0.5	0.6
Leverage factor (x)	1.6	1.8	1.8	1.6	1.6	1.6
<i>Net margin (%)</i>	18.1	10.6	12.3	19.2	18.8	18.7
Working Capital & Liquidity ratio						
Inventory days	82	66	50	47	48	49
Receivable days	99	91	90	90	90	90
Payable days	58	66	66	70	69	70

### Valuations

Year-end: March	FY23	FY24	FY25	FY26E	FY27E	FY28E
PER (x)	90.2	154.9	117.2	53.1	44.2	35.9
Price/Book value (x)	15.5	14.2	12.9	8.6	7.3	6.1
EV/Net sales (x)	16.7	17.0	15.0	10.5	8.6	6.9
EV/EBITDA (x)	63.0	88.2	66.0	33.4	28.8	24.0
<i>Dividend Yield (%)</i>	0.2	0.2	0.2	0.2	0.2	0.2

Source: Company; IDBI Capital Research

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**Key to Ratings Stocks:****BUY:** 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.**IDBI Capital Markets & Securities Ltd.****Equity Research Desk**

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### Most Important Terms and Conditions

1. These terms and conditions, and consent thereon are for the research services provided by the Research Analyst (RA) and RA cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit RA to execute any trade on their behalf.

2. The fee charged by RA to the client will be subject to the maximum of amount prescribed by SEBI/ Research Analyst Administration and Supervisory Body (RAASB) from time to time (applicable only for Individual and HUF Clients).

Note:

2.1. The current fee limit is Rs 1,51,000/- per annum per family of client for all research services of the RA.

2.2. The fee limit does not include statutory charges.

2.3. The fee limits do not apply to a non-individual client / accredited investor.

3. RA may charge fees in advance if agreed by the client. Such advance shall not exceed the period stipulated by SEBI; presently it is one quarter. In case of pre-mature termination of the RA services by either the client or the RA, the client shall be entitled to seek refund of proportionate fees only for unexpired period.

4. Fees to RA may be paid by the client through any of the specified modes like cheque, online bank transfer, UPI, etc. Cash payment is not allowed. Optionally the client can make payments through Centralized Fee Collection Mechanism (CeFCoM) managed by BSE Limited (i.e. currently recognized RAASB).

5. The RA is required to abide by the applicable regulations/ circulars/ directions specified by SEBI and RAASB from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. The RA will endeavor to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

6. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. No scheme of this nature shall be offered to the client by the RA.

7. The RA cannot guarantee returns, profits, accuracy, or risk-free investments from the use of the RA's research services. All opinions, projections, estimates of the RA are based on the analysis of available data under certain assumptions as of the date of preparation/publication of research report.

8. Any investment made based on recommendations in research reports are subject to market risks, and recommendations do not provide any assurance of returns. There is no recourse to claim any losses incurred on the investments made based on the recommendations in the research report. Any reliance placed on the research report provided by the RA shall be as per the client's own judgement and assessment of the conclusions contained in the research report.

9. The SEBI registration, Enlistment with RAASB, and NISM certification do not guarantee the performance of the RA or assure any returns to the client.

10. For any grievances,

Step 1: the client should first contact the RA using the details on its website or following contact details:

(RA to provide details as per 'Grievance Redressal / Escalation Matrix')

Step 2: If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at [www.scores.sebi.gov.in](http://www.scores.sebi.gov.in)

Step 3: The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>

11. Clients are required to keep contact details, including email id and mobile number/s updated with the RA at all times.

12. The RA shall never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. Never share such information with anyone including RA.