Navin Fluorine (NAVFLU)

CMP: ₹ 5500 | Target: ₹ 6370(16%) | Target Period: 12 months | BUY

November 3, 2025

Stellar performance; strong guidance based on execution confidence…

About the stock: Navin Fluorine (NFIL) operates one of the largest integrated fluorochemicals complexes in India with a presence in speciality chemicals, CDMO, and HPP (Refrigerants + Inorganic Fluoride + HPP).

- In Q2FY26 speciality chemicals accounted for 29% of overall revenues followed by CDMO 18% and the rest 53% were derived from HPP segment (refrigerants + Inorganic Fluoride + HPP).
- The company will foray into Advanced materials through its collaboration with the Chemours company, likely to be completed by Q1FY27.

Investment Rationale:

- Q2FY26 – Strong set of numbers; beat across all parameters- Revenues in Q2FY26 stood at ₹758 crore, up 46% YoY. Segment wise, all three segments reported a strong growth with HPP (Refrigerants +Inorganic Fluoride + HPP, 53% of revenue), up 38% YoY, Speciality Chemical (29% of revenue), up 39% YoY and CRAMS (18% of revenue) witnessing a growth of 97% YoY. EBITDA for the quarter stood at ₹246 crore, up 129% YoY translating into margins of 32.5%, up ~1200 bps.
- Relentless expansion based on visibility; Upward margins guidance based on improving operating leverage - For the CDMO business, the strong orderbook visibility is extended through FY27, with the repeat order expected from the EU based innovator, supporting a healthy three-year demand outlook. In the Speciality segment, the capex of ₹75 crore in the MPP plant debottlenecking is likely to commission in Q3FY26, will host a new molecule for global innovator and has a peak revenue potential of ₹140-160 crore. For the HPP segment, both the plants for R-32 are running at an optimal capacity. Moreover, the company has earmarked an additional capex of ₹236 crore to increase the R-32 capacity which is currently at 9000 tons by another ~15000 tons (upper limit) which is likely to be commissioned in Q3FY27 and has a peak revenue potential of ₹ 600-825 crore. In all, we believe the company's strong order book visibility backed by firm capex plans and important deals like the recently struck deal with Chemours to manufacture new liquid cooling Product as a part of Chemours' expanded liquid cooling venture, are likely to keep the earnings momentum intact. The management has raised its FY26 EBITDA margin guidance to 28-30% (from ~25% earlier; second upward revision over the last two years), mainly based on significant operating leverage (~2/3rd of the margin improvement was driven by volumes).

Rating and Target price

- Our target price is ₹ 6370 based on 30x FY27E EBITDA of ₹1113.6 crore. Premium valuation is justified due to significant built-up in orderbook based on new capex, customer commitments and new deal-wins.

Navin Fluorine International Limited

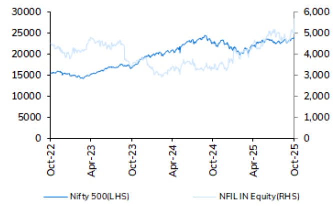
Particulars

Particular	Amount
Market cap (₹ Crore)	29,187
FY25 Total Debt (₹ Crore)	1,466
FY25 Cash & Inv (₹ Crore)	20
EV (₹ Crore)	30,634
52 Week H/L	5821/3180
Equity Capital (₹ Crore)	9.9
Face Value (₹)	2

Shareholding pattern

(in %)	Sept-24	Dec-24	Mar-25	Sep-25
Promoter	28.4	28.4	28.4	27.12
FII	18.2	18.6	20.2	22.15
DII	28.2	28.5	30.0	29.57
Others	25.2	24.6	21.4	21.16

Price Chart



Key risks

(i) Slower than expected CDMO growth momentum (ii) Delay in HFC plant commissioning

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Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Net Revenue	2,077.4	2,065.0	2,349.4	6.3%	3,105.2	3,977.1	30.1%
EBITDA	550.3	398.3	533.7	-1.5%	885.0	1,113.6	44.4%
EBITDA Margins (%)	26.5%	19.3%	22.7%		28.5%	28.0%	
Adj.PAT	375.2	218.4	288.6	-12.3%	519.9	657.7	51.0%
Adj. EPS (₹)	75.7	44.1	58.2		104.8	132.6	
EV/EBITDA	51.0x	70.6x	52.9x		32.6x	26.1x	
P/E	72.6x	100.7x	94.5x		52.5x	41.5x	
ROE (%)	17.2	9.2	11.0		16.8	17.8	
ROCE (%)	17.2	9.5	11.2		15.6	17.3	

Source: Company, ICICI Direct Research

Q2FY26 Earnings release / Conference call highlights

HPP- (Refrigerants + Inorganic Fluorides + HPP)

- R-32 pricing remains stable and its existing plant is running at optimal utilisation.
- Mechanical trials are underway for AHF plant and could commission in Q3FY26.
- The company's tie up with Buss ChemTech AG to enter the high-growth markets for solar and electronic-grade hydrogen fluoride has been on track.
- NFIL aims to fully utilise its quota under the Kigali Amendment to the Montreal Protocol. As a part of it, the company aims a balanced mix of committed off-take agreements (medium-term contracts of 4–5 years) and open market positions to optimise realisations.
- The segment's performance was driven by higher sales volumes and improved price realizations in both the domestic and international markets.

Specialty Chemicals-

- The collaboration with Chemours for developing a two-phase immersion cooling fluid (Opteon)is progressing well and remains on track for completion by Q1FY27.
- For the nectar plant, second product supplies have started for anchor customer, and NFIL expects to achieve ~₹ 300 crore revenue in FY27.
- The newly commissioned fluro-speciality plant has started contributed meaningfully during the quarter.
- Management indicated a strong order book and visibility for H2FY26.

CDMO

- The company's partnership with Fermion remains strong, with validation batches at the CGMP4 plant underway. Commercial supplies are expected to commence by Jan'26
- During the quarter, the company successfully delivered a new late stage molecule to a leading EU-based innovator, with a repeat order expected in CY26, supported by a healthy three-year demand outlook.
- Notably, the CGMP facility underwent audits by three major global pharma innovators during the quarter.
- The order book remains healthy, providing strong revenue visibility through FY27 and hence the company has reiterated its confidence on achieving revenue of ~US$ 100mn in FY27.
- Fermion contract is expected to deliver revenue of US$ 35-40mn, the product is seeing strong demand traction and its peak demand is estimated in FY29. Company remains hopeful of an upsize in demand on the back of strong demand for its application.

Guidance

- Management indicated that the exceptional growth in margins on a YoY basis was achieved from 2/3rd of improved efficiency and operating leverage and 1/3rd from higher pricing. Moreover, the company has raised its EBITDA Margin guidance for FY26 to 28-30%, up from the earlier guidance of ~25%.

Update on Recent Capex Plans

HFC Capacity Expansion- R-32 Refrigerant Gas (Surat)

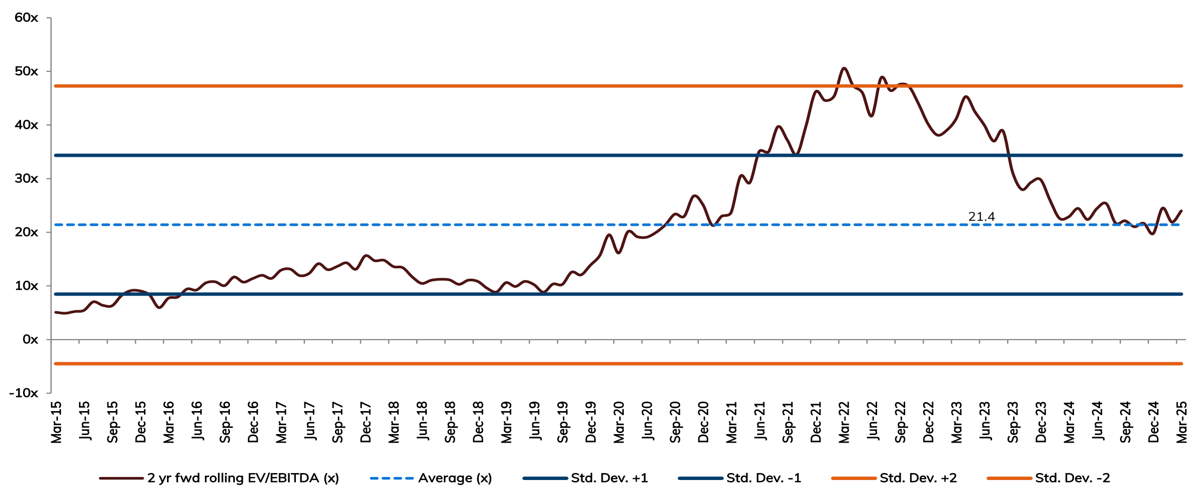
- NFIL will set up an additional HFC capacity equivalent up to 15000 tons at the Surat Unit
- The said project is expected be commissioned by Q3 FY27 and has a peak revenue potential of ₹600-825 Crs per annum (implied realisation of USD 5-6.3/kg)
- This capex will help the company in tapping into the increasing R-32 requirement, wherein Global demand for R-32 is 300000 tons p.a. ex-

China, growing at a CAGR of 5% p.a. Going ahead China production will start seeing a phase down from CY29 with initial cut of 10%
- Chinese production is mainly catering to internal demand.

MPP Debottlenecking (Dahej)

- NFIL has done a capex of ₹75 crore for the De-bottlenecking MPP capacity at Dahej to support the launch of new molecule for a global innovator.
- The facility is expected to be commissioned by Q3FY27 and has a peak revenue potential of ₹140-160 crore.
- Company's FY26 capex guidance stands at ₹ 600-700 crore, of which, ₹300 crore has been incurred in H1FY26

Exhibit 1: 2-year forward EV/EBITDA band



Source: Bloomberg, Company Estimates, ICICI Direct Research

Financial Tables

Exhibit 1: Profit and loss statement ₹ crore

Year end March	FY24	FY25	FY26E	FY27E
Total Operating Income	**2,065.0**	**2,349.4**	**3,105.2**	**3,977.1**
Growth (%)	**-0.6**	**13.8**	**32.2**	**28.1**
Raw Material Expenses	935.4	1,038.6	1,381.8	1,710.2
Employee Cost	285.8	296.7	403.7	517.0
Other Expenses	445.5	480.4	434.7	636.3
Total Operating Expenditure	1,666.7	1,815.7	2,220.2	2,863.5
EBITDA	**398.3**	**533.7**	**885.0**	**1,113.6**
Growth (%)	-27.6	34.0	65.8	25.8
Other Income	55.9	43.7	48.1	48.1
Depreciation	96.2	119.4	142.9	172.9
Net Interest Exp.	74.6	77.9	103.0	119.5
Other exceptional items	52.1	0.0	0.0	0.0
PBT	335.5	380.1	687.2	869.3
Total Tax	65.0	91.5	167.2	211.6
PAT	**270.5**	**288.6**	**519.9**	**657.7**
Adjusted PAT	218.4	288.6	519.9	657.7
Growth (%)	-41.8	32.2	80.2	26.5
Adjusted EPS (₹)	44.1	58.2	104.8	132.6

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

Year end March	FY24	FY25	FY26E	FY27E
PBT & Extraordinary	335.5	380.1	687.2	869.3
Add: Depreciation	96.2	119.4	142.9	172.9
After other adjustments				
(Inc) / Dec in Working Capital	361.0	93.3	-379.7	-486.5
Taxes	-34.3	-78.0	-167.2	-211.6
Others	-8.6	56.1	103.0	119.5
CF from operating activities	**749.9**	**570.8**	**386.1**	**463.6**
Purchase of Fixed Assets	-732.4	-561.1	-850.0	-500.0
Others	-361.1	50.1	200.0	200.0
CF from investing activities	**-1,093.5**	**-511.1**	**-650.0**	**-300.0**
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	491.3	101.4	500.0	50.0
Dividned paid & dividend tax	-74.5	-59.5	-59.5	-59.5
Others	-81.1	-88.7	-103.0	-119.5
CF from financing activities	**335.7**	**-46.7**	**337.5**	**-129.0**
Net cash flow	-7.8	13.0	73.6	34.6
Opening cash	14.5	6.6	19.7	93.2
Closing cash	6.6	19.7	93.2	127.8

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

Year end March	FY24	FY25	FY26E	FY27E
Liabilities				
Equity Capital	9.9	9.9	9.9	9.9
Reserves & Surplus	2,372.8	2,616.3	3,076.7	3,674.9
Total Shareholders Funds	**2,382.7**	**2,626.2**	**3,086.6**	**3,684.8**
Minority Interest	0.0	0.0	0.0	0.0
Long Term Borrowings	1,040.2	1,066.6	1,416.6	1,416.6
Net Deferred Tax liability	64.3	75.4	75.4	75.4
Other long term liabilities	13.5	127.0	20.1	25.8
Long term provisions	18.5	20.4	22.6	28.9
Current Liabilities and Provisions				
Short term borrowings	328.3	399.8	549.8	599.8
Trade Payables	302.5	327.0	425.4	435.8
Other Current Liabilities	215.0	181.5	239.9	307.2
Short Term Provisions	12.1	6.5	11.9	15.2
Total Current Liabilities	857.9	914.7	1,226.9	1,358.1
Total Liabilities	**4,377.0**	**4,830.4**	**5,848.2**	**6,589.6**
Assets				
Net Block	1,736.3	2,599.2	3,456.1	3,783.2
Capital Work in Progress	711.1	349.8	200.0	200.0
Intangible assets under devl.	0.0	5.6	5.6	5.6
Goodwill on Consolidation	87.8	87.8	87.8	87.8
Non-current investments	8.8	8.1	8.1	8.1
Deferred tax assets	0.0	0.0	0.0	0.0
Long term loans and advances	0.3	0.2	0.5	0.6
Other Non Current Assets	279.6	190.9	237.2	289.9
Current Assets, Loans & Advances				
Current Investments	486.0	471.8	271.8	71.8
Inventories	371.7	322.4	467.9	708.3
Sundry Debtors	512.5	582.4	765.7	980.7
Cash and Bank	6.6	19.7	93.2	127.8
Loans and Advances	0.6	0.1	0.1	0.1
Other Current assets	175.8	192.4	254.3	325.8
Current Assets	1,553.2	1,588.8	1,853.0	2,214.4
Total Assets	**4,377.0**	**4,830.4**	**5,848.2**	**6,589.6**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

Year end March	FY24	FY25	FY26E	FY27E
Per share data (₹)				
Adj. EPS	54.6	58.2	104.8	132.6
Adj. Cash EPS	74.0	82.3	133.6	167.5
BV	480.9	529.5	622.3	742.9
DPS	15.0	12.0	12.0	12.0
Operating Ratios (%)				
Gross Margin (%)	54.7	55.8	55.5	57.0
EBITDA Margin (%)	19.3	22.7	28.5	28.0
PAT Margin (%)	10.6	12.3	16.7	16.5
Debtor Days	91	90	90	90
Inventory Days	66	50	55	65
Creditor Days	53	51	50	40
Cash Conversion Cycle	103	90	95	115
Return Ratios (%)				
Return on Assets (%)	5.0	6.0	8.9	10.0
RoCE (%)	9.5	11.2	15.6	17.3
RoE (%)	9.2	11.0	16.8	17.8
Solvency				
Total Debt / Equity	0.6	0.6	0.6	0.5
Interest Coverage	4.8	5.9	7.7	8.3
Current Ratio	1.8	1.7	1.5	1.6
Quick Ratio	1.4	1.4	1.1	1.1
Valuation Ratios (x)				
EV/EBITDA	70.6	52.9	32.6	26.1
P/E	100.7	94.5	52.5	41.5
P/B	11.4	10.4	8.8	7.4
EV/Sales	13.6	12.0	9.3	7.3

Source: Company, ICICI Direct Research

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