

Strong growth prospects

11 May 2025

Navin Fluorine International (NFIL IN) stock has runup 30% in the past six months and significantly outperformed the Nifty Mid-cap, which fell 4%, due to robust recovery in selected refrigerant prices – R32 up by ~20% and R22 by ~40% YoY in Q4FY25. We expect a 24% revenue CAGR and 45% EPS CAGR during FY25-28E, due to the recently commissioned a INR 5.4bn specialty plant, a INR 2.9bn cGMP4 plant by H2FY26, the recently completed 4,500-tonne R32 capacity expansion and new low contract with Chemours to establish initial capacity of Opteon, a low global warming potential (GWP) refrigerant. We increase our FY27E EPS by 9% due to benefits of growth from projects commissioning. We introduce FY28E EPS at INR 177.2, ascribing 36% YoY growth, assuming ramp-up of recently commissioned and under-construction projects. Therefore, we raise our DCF-based TP to INR 5,664 from INR 4,682 and revise to **Buy**.

PAT grew 35% YoY, driven by revenue growth and margin expansion: NFIL reported Q4FY25 PAT at INR 950mn, up 35% YoY and 14% QoQ, and higher than our estimates of INR 720mn. PAT growth was driven by: 1) 10% revenue growth of high performance products (HPP) segment due to higher refrigerant prices, 2) 140% revenue growth of contract development and manufacturing organization (CDMO) segment due to continued pipeline of orders, and 3) EBITDA margin expansion to 25% in Q4FY25 from 18% in Q4FY24, due to growth outperformance by the higher margin CDMO business.

Commissioning of projects across segments to support 24% revenue CAGR during FY25-28E: The agro-specialty project of INR 5.4bn was commissioned in Q3 where order was already in-hand for 50% of capacity. The anhydrous hydro fluoride (AHF) project worth INR 4.5bn to start in Q2FY26, delayed by a quarter, and commissioned 4,500-tonne capacity expansion of difluoromethane (or R32) in Q4FY25. In the CDMO segment, current good manufacturing practice (cGMP4) plant Phase 1 (INR 1.6bn) is likely to be commissioned by Q3FY26, with revenue potential 2x investment. The company has a target of ~INR 8.5bn CDMO revenue for the next 2-3 years from ~INR 3.4bn in FY25. It entered in a partnership with Chemours to establish USD 14mn initial capacity of the successful low GWP refrigerant called Opteon version used in data center cooling, with the potential to service higher demand.

Revise to Buy with a higher TP of INR 5,664: We reduce our FY26E EPS by 5% due to a quarter delay in AHF plant. However, based on robust revenue growth visibility due to expected ramp-up in newly commissioned and under-construction capacities, we raise our FY27E EPS by ~9%. We introduce FY28E EPS at INR 177.2, ascribing 36% YoY growth, assuming ramp-up of recently commissioned projects. So, we increase our TP to INR 5,664 from INR 4,682. We value NFIL on a DCF method, assuming 5.0% (unchanged) terminal growth and an 11.8% (unchanged) cost of capital, with an average EBITDA margin of 27.5% from 24.6% during FY26-28E and a 37% from 30% EBITDA CAGR during FY25-28E. We revise to **Buy** from Accumulate, due to revenue growth visibility with projects commissioning with contracts in-place for most upcoming capacity.

Key financials

YE March	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	20,650	23,494	30,798	37,839	44,896
YoY (%)	(0.6)	13.8	31.1	22.9	18.7
EBITDA (INR mn)	3,983	5,337	7,661	10,402	13,579
EBITDA margin (%)	19.3	22.7	24.9	27.5	30.2
Adj PAT (INR mn)	2,184	2,886	4,486	6,455	8,779
YoY (%)	(41.8)	32.2	55.4	43.9	36.0
Fully DEPS (INR)	44.1	58.2	90.5	130.3	177.2
RoE (%)	9.6	11.5	16.0	19.9	22.8
RoCE (%)	8.9	10.6	13.8	17.0	20.4
P/E (x)	104.3	78.9	50.8	35.3	25.9
EV/EBITDA (x)	59.6	44.5	31.0	22.8	17.5

Note: Pricing as on 9 May 2025; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: **INR 5,664**

Upside: **23%**

CMP: **INR 4,595**

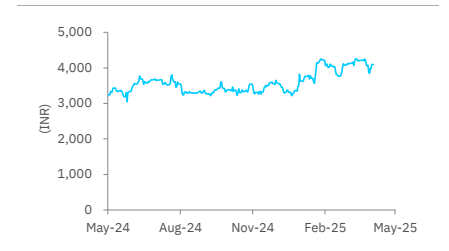
As on 9 May 2025

Key data

Bloomberg	NFIL IN
Reuters Code	NAFLNS
Shares outstanding (mn)	50
Market cap (INR bn/USD mn)	228/2,669
EV (INR bn/USD mn)	237/2,783
ADTV 3M (INR mn/USD mn)	813/9
52 week high/low	4,726/2,876
Free float (%)	70

Note: as on 9 May 2025; Source: Bloomberg

Price chart



Source: Bloomberg

	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Shareholding (%)				
Promoter	28.8	28.4	28.4	28.4
% Pledge	3.1	1.1	1.1	1.1
FII	18.0	18.2	18.6	20.2
DII	27.4	28.3	28.5	30.1
Others	25.8	25.1	24.5	21.3

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	1.9	(0.6)	9.3
Navin Fluorine International	8.9	29.7	42.6
NSE Mid-cap	0.6	(3.8)	8.0
NSE Small-cap	(6.0)	(14.5)	0.5

Source: Bloomberg

Gagan Dixit

Aviation, Chemicals, Oil & Gas
+91 22 6164 8504
gagan.dixit@elaracapital.com
Associate
Amogh Deshpande
amogh.deshpande@elaracapital.com
Kartik Bhandari
kartik.bhandari@elaracapital.com



Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	20,650	23,494	30,798	37,839	44,896
Gross Profit	11,296	13,108	17,069	21,719	26,916
EBITDA	3,983	5,337	7,661	10,402	13,579
EBIT	3,021	4,143	6,171	8,630	11,525
Interest expense	746	779	811	872	852
Other income	559	437	549	743	889
PBT	2,834	3,801	5,908	8,501	11,562
Tax	650	915	1,422	2,046	2,783
Reported PAT	2,184	2,886	4,486	6,455	8,779
Adjusted PAT	2,184	2,886	4,486	6,455	8,779
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	23,827	26,262	29,851	35,015	42,038
Trade Payables	3,025	3,270	3,422	4,204	4,988
Provisions & Other Current Liabilities	2,383	3,140	3,140	3,140	3,140
Total Borrowings	13,399	14,407	18,671	18,171	17,671
Other long term liabilities	1,136	1,225	1,225	1,225	1,225
Total liabilities & equity	43,770	48,304	56,309	61,755	69,062
Net Fixed Assets	23,965	29,003	32,895	36,154	39,136
Goodwill	878	878	878	878	878
Intangible assets	25	80	49	55	56
Business Investments / other NC assets	3,370	2,455	2,443	2,432	2,421
Cash, Bank Balances & treasury investments	275	405	2,364	3,830	6,329
Inventories	3,717	3,224	5,085	5,558	6,200
Sundry Debtors	5,125	5,824	6,160	6,413	7,609
Other Current Assets	6,415	6,435	6,435	6,435	6,435
Total Assets	43,770	48,304	56,309	61,755	69,062
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	7,500	5,708	3,134	8,411	9,743
Capital expenditure	(7,324)	(5,611)	(4,995)	(5,036)	(5,036)
Other Business cashflow	(3,611)	502	560	755	900
Free Cash Flow	(3,435)	598	(1,301)	4,129	5,606
Cashflow from Financing	3,362	(469)	3,260	(2,663)	(3,108)
Net Change in Cash / treasury investments	(73)	130	1,959	1,466	2,499
Key assumptions & Ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Book value per share (INR)	480.9	530.0	602.4	706.7	848.4
RoCE (Pre-tax)	8.9	10.6	13.8	17.0	20.4
ROIC (Pre-tax)	9.0	10.7	14.3	18.1	22.4
ROE	9.6	11.5	16.0	19.9	22.8
Asset Turnover	1.0	0.9	1.0	1.1	1.2
Net Debt to Equity (x)	0.6	0.5	0.5	0.4	0.3
Net Debt to EBITDA (x)	3.3	2.6	2.1	1.4	0.8
Interest cover (x) (EBITDA/ int exp)	5.3	6.8	9.5	11.9	15.9
Total Working capital days (WC/rev)	178.4	156.7	181.3	158.4	162.7
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	104.3	78.9	50.8	35.3	25.9
P/Sales (x)	11.0	9.7	7.4	6.0	5.1
EV/ EBITDA (x)	59.6	44.5	31.0	22.8	17.5
EV/ OCF (x)	31.7	41.6	75.7	28.2	24.4
FCF Yield	(1.4)	0.3	(0.5)	1.7	2.4
Price to BV (x)	9.6	8.7	7.6	6.5	5.4
Dividend yield (%)	0.3	0.3	0.4	0.6	0.8

EBITDA CAGR of 37% during FY25-28E

Note: Pricing as on 9 May 2025; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

(INR mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Q4FY25E	Variance (%)
Consolidated Revenue	7,009	6,020	16.4	6,062	15.6	6,372	10.0
EBITDA	1,787	1,101	62.4	1,473	21.3	1,344	32.9
Depreciation	353	257	37.1	296	19.3	303	16.4
Interest cost	283	174	62.0	202	39.8	204	38.4
Other income	118	125	(5.5)	105	12.9	106	11.8
Profit before exceptional items	1,270	794	59.9	1,080	17.6	943	34.7
Exceptional item	0	0	NA	0	NA	0	NA
PBT	1,270	794	59.9	1,080	17.6	943	34.7
Tax	320	90	254.4	244	31.2	224	43.4
Reported PAT	950	704	35.0	836	8.0	720	32.0
Adj. PAT	950	704	35.0	836	13.6	720	32.0
Adj. EPS (INR)	19.2	14.2	35.0	16.9	13.6	14.5	32.0
Segment Revenue (INR mn)							
High Performance Products	3,260	2,970	9.8	3,060	6.5	3,213	1.5
Specialty Chemicals	2,590	2,570	0.8	2,210	17.2	2,321	11.6
CRAMS	1,150	480	139.6	790	45.6	830	38.6

Source: Company, Elara Securities Estimate

Exhibit 2: Valuation

	INR per share
WACC (%)	11.8
Terminal growth rate (%)	5
Present value of FCFF (FY27-47E)	3,213
Present Value of terminal value	2,752
Enterprise value	5,966
FY26E net debt/(cash)	329
Non-current investment	10
Dividend (FY26E)	18
Equity value or target price	5,664

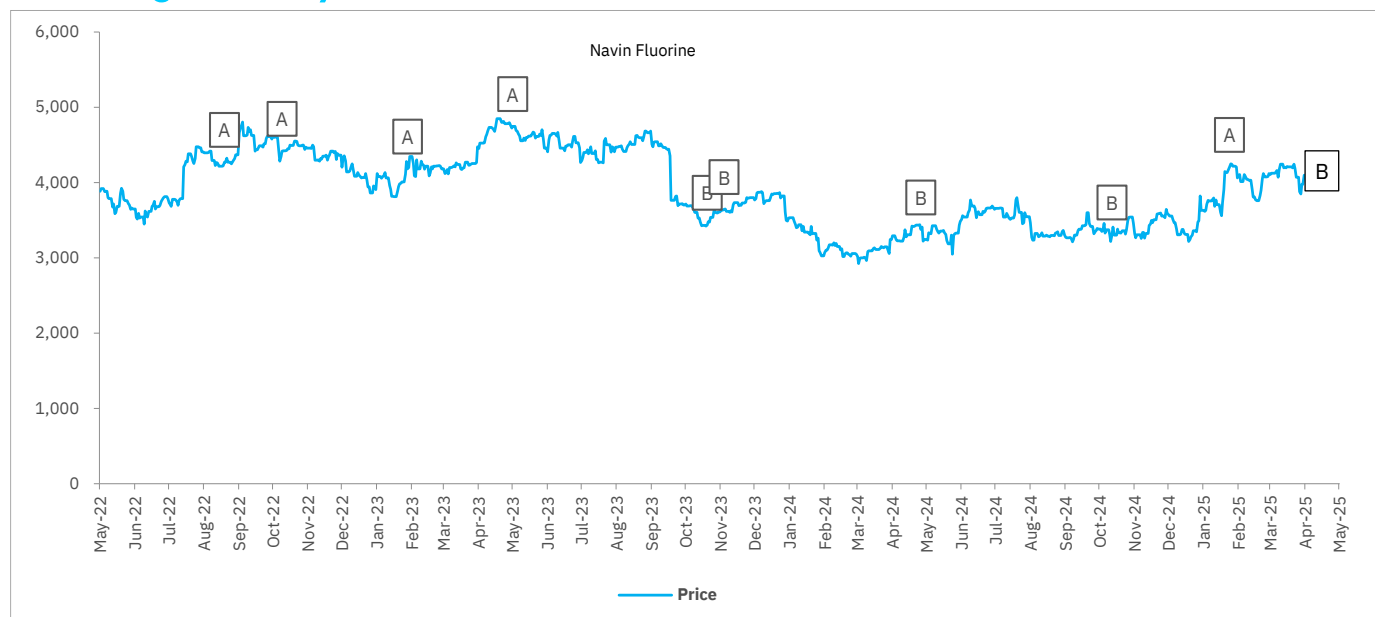
Source: Elara Securities Estimate

Exhibit 3: Change in estimates

(INR mn)	Earlier		Revised		% Change		New
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY28E
Revenue	29,433	36,651	30,798	37,839	4.6	3.2	44,896
EBITDA	7,175	9,050	7,661	10,402	6.8	14.9	13,579
EBITDA margin (%)	24.4	24.7	24.9	27.5	50bp	280bp	30.2
Net Profit	4,731	5,914	4,486	6,455	(5.2)	9.2	8,779
EPS (INR)	95.5	119.3	90.5	130.3	(5.2)	9.2	177.2
TP (INR)		4,682		5,664		21.0	
Rating	Accumulate		Buy				

Source: Company, Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
30-Aug-2022	Accumulate	4,821	4,271
20-Oct-2022	Accumulate	5,262	4,419
08-Feb-2023	Accumulate	4,983	4,186
12-May-2023	Accumulate	5,330	4,748
31-Oct-2023	Buy	4,474	3,438
15-Nov-2023	Buy	4,699	3,620
07-May-2024	Buy	4,403	3,377
23-Oct-2024	Buy	4,049	3,314
04-Feb-2025	Accumulate	4,682	4,206
09-May-2025	Buy	5,664	4,595

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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India

Elara Securities (India) Private Limited
One International Center, Tower 3,
21st Floor, Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai – 400 013, India
Tel : +91 22 6164 8500

Europe

Elara Capital Plc.
6th Floor, The Grove,
248A Marylebone Road,
London, NW1 6JZ,
United Kingdom
Tel : +44 20 7486 9733

USA

Elara Securities Inc.
230 Park Avenue, Suite 2415,
New York, NY 10169, USA
Tel: +1 212 430 5870
Fax: +1 212 208 2501

Asia / Pacific

Elara Capital (Asia) Pte.Ltd.
One Marina Boulevard,
Level 20,
Singapore 018989
Tel : +65 6978 4047



Managing Director

Harendra Kumar | harendra.kumar@elaracapital.com | +91 22 6164 8571



Head of Research

Dr Bino Pathiparampil | bino.pathiparampil@elaracapital.com | +91 22 6164 8572

Sales Team



India

Hitesh Danak - hitesh.danak@elaracapital.com - +91 22 6164 8543
Ashok Agarwal - ashok.agarwal@elaracapital.com - +91 22 6164 8558



India, APAC & Australia

Sudhanshu Rajpal - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508
Joshua Saldanha - joshua.saldanha@elaracapital.com - +91 22 6164 8541
Shraddha Shrikhande - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567



India & UK

Prashin Lalvani - prashin.lalvani@elaracapital.com - +91 22 6164 8544



India & US

Karan Rathod - karan.rathod@elaracapital.com - +91 22 6164 8570



Corporate Access, Conference & Events

Anita Nazareth - anita.nazareth@elaracapital.com - +91 22 6164 8520
Tina D'souza - tina.dsouza@elaracapital.com - +91 22 6164 8595

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Elara Securities (India) Private Limited

Registered Office Address: One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500
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Investor Grievance Email ID: investor.grievances@elaracapital.com - Tel. +91 22 6164 8509
Compliance Officer: Mr. Anand Rao - Email ID: anand.rao@elaracapital.com - Tel. +91 22 6164 8509