

**DEEP DIVE**

**Navin Fluorine**



# Navin Fluorine

## Firing up all the cylinders

We maintain BUY on Navin Fluorine (NFIL) with a target price of INR 7,000. NFIL's strategy is to deepen wallet share within its existing customer base by leveraging its established marketing network, broadening its product portfolio, and building on long-standing client relationships, which will help drive growth across all business verticals. The CDMO business remains focused on select marquee global customers, with an emphasis on scaling revenues from commercial projects and late-stage molecules to secure more stable revenue streams, supported by its sustained engagement with leading innovator pharma clients. Concise to that, NFIL has commissioned cGMP 4 phase 1 with capex of INR 1.6bn. HPP business and Speciality chemical business will be led by deepening relations with existing customers and ramp-up in facilities. Changing global supply chain dynamics and incremental capex in the refgas business will help in ramping up the HPP business. We expect revenue to increase from INR 23.49bn in FY25 to INR 48.33bn in FY29, fuelled by growth across all business verticals. EBITDA is expected to improve from INR 5.3bn in FY25 to INR 14.41bn in FY29 while EBITDA margins are expected to improve by 711bps to 29.8%, supported by inflection in the CDMO business and improved realization in refgas business with support of backward integration in AHP. Currently, the stock is trading at FY26/FY27/FY28 55.3/41.0/35.9x.

### NFIL in a sweet spot in HFC R32; expanding capacity at the right time

NFIL has ramped up the supply of HFC R32, with the export of the same increasing to ~3,300MTPA in H1FY25. The global demand supply mismatch has led to price elevation in R32 and exports for NFIL. We expect prices to remain elevated, given changing global supply chain dynamics in the refgas business. The near-term growth will be mainly led by volume ramp-up at the existing plant. India has a supply surplus of R32, which has an opportunity to be used not only as pure HFC gas due to its lower GWP but also for making blends with lower GWP HFO/HFC. Both developed and developing nations will move toward lower GWP HFC/HFC blends and HFO due to supply cut as per the Kigali amendment. The global supply chain dynamics (supply cut) will play crucial roles in driving fundamentals of domestic refgas players. NFIL is in a sweet spot to capitalize the opportunity while focusing on volume growth. Capitalizing on the upcoming opportunities, NFIL has announced incremental capacity equivalent to 15,000MTPA of R32 GWP. The plant is expected to be commissioned by Q3FY27 and drive further inflection in the refgas business.

NFIL is also focusing on new technologies in cooling business. It has entered an agreement with Chemours for immersion fluid technology which is expected to be commissioned in H1FY27. The two-phase immersion cooling fluid technology is a proprietary technology of Chemours and at the testing level. NFIL will absorb this technology. An investment of INR1.2bn (of which INR0.8bn by NFIL) is a strategic investment for the company. This fluid is used in data centers and advanced AI next-generation chips for cooling.

### Deepening pockets of existing customers

NFIL's strategy is to focus on increasing wallet share with existing customers. Fluoro-specialty chemicals and CDMO operations continue to be anchored by three key customers — Bayer Crop Science, Corteva Agriscience, and Fermion. The share of these three customers in exports has risen to 80% in 1HFY26 from 63% in FY24. Over the past three quarters, the increase in contribution was driven by a notable shift in the mix with higher contribution from the pharma segment, led by Fermion, while Corteva drove momentum in the agrochemical portfolio.

## BUY

CMP (as on 06 Jan 2026)	INR 5,751
Target Price	INR 7,000
NIFTY	26,141

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 5,709	INR 7,000
EPS %	FY26E	FY27E
	-	-1.1%

### KEY STOCK DATA

Bloomberg code	INR
No. of Shares (mn)	51
MCap (INR bn) / (\$ mn)	299/3,327
6m avg traded value (INR mn)	1,091
52 Week high / low	INR 6,223/3,334

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	27.7	19.5	67.8
Relative (%)	24.0	17.6	59.2

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	27.14	27.14
FIs & Local MFs	29.88	29.57
FPIs	21.98	22.15
Public & Others	21.00	21.16
Pledged Shares		

Source: BSE

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To capitalize on the opportunity of commercialization of late-stage molecule NFIL has commissioned cGMP-4 phase 1 for a capex of INR 1.6bn. The growth momentum in the business will be led by ramping up supply to major global innovators from cGMP phase 4 and strong pipeline of projects at remaining cGMP sites, namely cGMP 1, 2, and 3. NFIL expect to commission phase 2 of cGMP 4 in FY27, which will be led by commercialization of late-stage molecules. It expects revenue contribution from CDMO to reach INR ~9bn by FY28.

We expect speciality chemical business to be driven by ramp-up in project Nector. NFIL has improved visibility in speciality chemical business, and it has announced debottlenecking project for a capex of INR 0.75bn to be commissioned in Q3FY27. We believe revenue from total contracted and CDMO together will double to INR 20.70bn in FY28.

#### 20% revenue growth (FY25-29E); EBITDA margin to expand 711bps (FY25-29E)

We expect revenue to increase from INR 23.49bn in FY25 to INR 48.33bn by FY29 at a CAGR of 20%. The growth will be led by firing up revenue growth across all the segments. CDMO business revenue is expected to increase to INR 10.7bn by FY29 at a CAGR of 33% over FY25-29. HPP business revenue is expected to increase from ~INR 12bn in FY25 to INR 22bn by FY29 at a CAGR of 15%. The spec chem business is likely to rise from INR 8bn in FY25 to ~INR 15.3bn by FY29 at a CAGR of 18%, fuelled by increased capacity utilization. EBITDA is expected to increase from INR 5.34bn in FY25 to INR 14.4bn in FY29, at a CAGR of 28%. The margins are likely to rise from 22.7% in FY25 to 29.8% in FY29. APAT is expected to jump from INR 2.89bn in FY25 to INR 9.98bn in FY29, at a CAGR of 36.4%.

#### Financial summary (consolidated)

INR mn	2Q FY26	1Q FY26	QoQ (%)	2Q FY25	YoY (%)	FY25	FY26E	FY27E	FY28E	FY29E
Net Sales	7,584	7,254	4.5	5,186	46.3	23,494	30,010	35,775	41,961	48,326
EBITDA	2,462	2,068	19.0	1,074	129.3	5,337	8,966	10,515	12,282	14,415
APAT	1,484	1,173	26.5	588	152.2	2,887	5,323	7,182	8,205	9,983
AEPS (INR)	29.0	22.9	26.5	11.5	152.2	56.4	104.0	140.3	160.3	195.0
P/E (x)						102.0	55.3	41.0	35.9	29.5
EV/EBITDA(x)						56.9	33.1	28.2	23.9	20.0
RoE (%)						11.5	16.6	17.8	17.8	18.8

Source: Company, HSIE Research

#### Change in estimates (consolidated)

Y/E Mar	FY26E Old	FY26E New	% Ch	FY27E Old	FY27E New	% Ch	FY28E Old	FY28E New	% Ch
EBITDA (INR mn)	8,966	8,966	-	10,607	10,515	(0.9)	13,684	12,282	(10.2)
Adj. EPS (INR/sh)	104.0	104.0	-	141.8	140.3	(1.1)	182.7	160.3	(12.3)

Source: Company, HSIE Research

#### HSIE vs. consensus

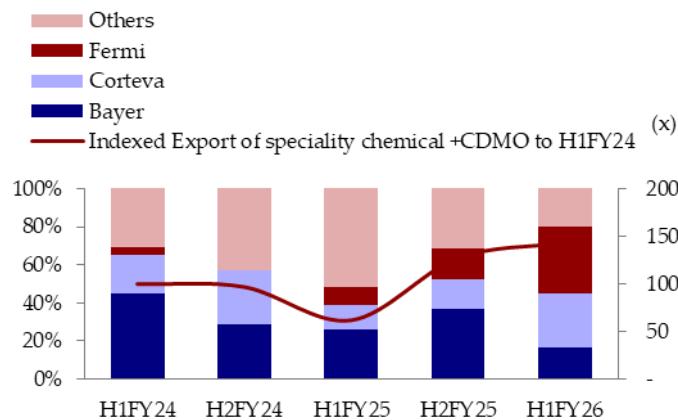
(INR/sh)	Consensus EPS		HSIE EPS		Variance (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Navin Fluorine	104.6	130.9	103.9	140.3	-1%	7%

Source: Bloomberg, HSIE Research

## Navin Fluorine: Deep Dive

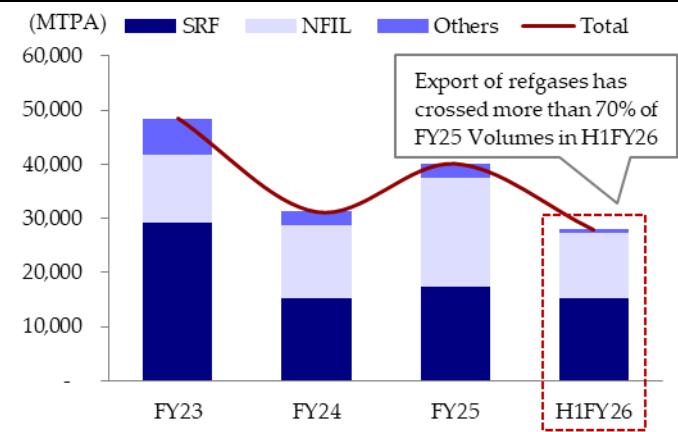
### Story in charts

#### Exhibit 1: Revenue contribution from Fermion and Corteva agriscience more than doubled in last one year



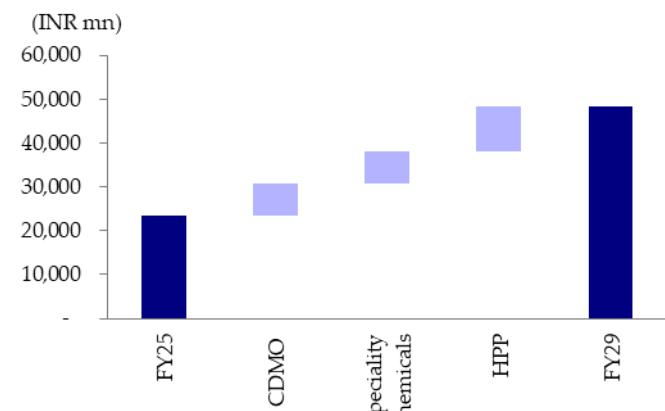
Source: Volza , HSIE Research

#### Exhibit 3: R32 export volume ramp-up by Indian firms...



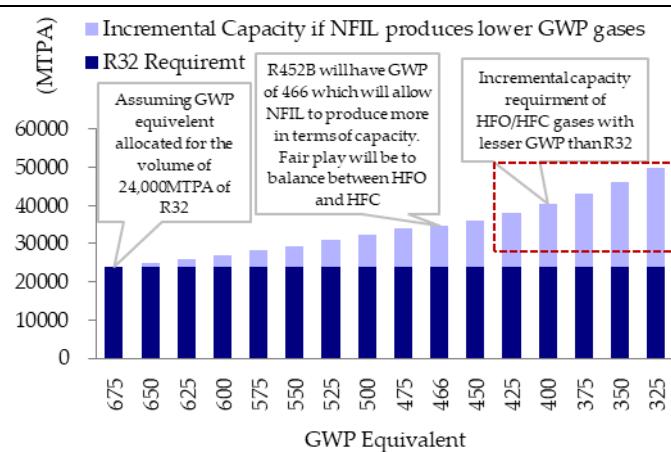
Source: Volza, HSIE Research

#### Exhibit 5: Revenue doubles to INR 48bn over FY25-29E...



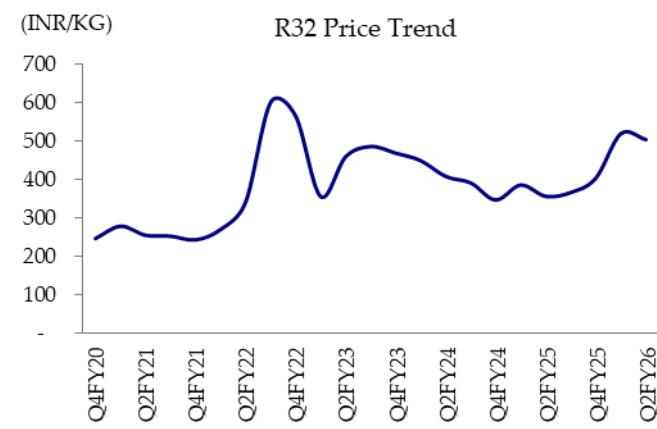
Source: Company, HSIE Research

#### Exhibit 2: Balancing between HFO and HFC



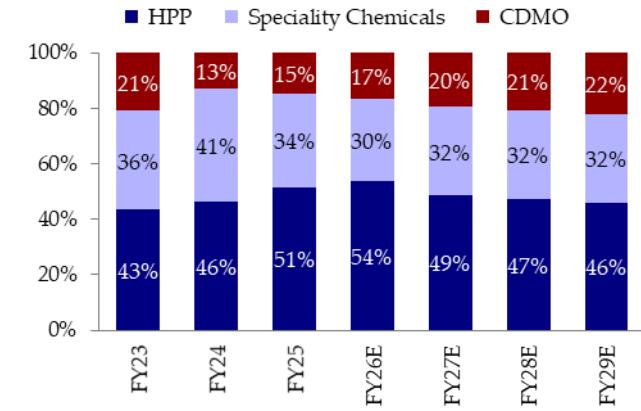
Source: HSIE Research

#### Exhibit 4: ...with rising prices as well



Source: Volza, HSIE Research

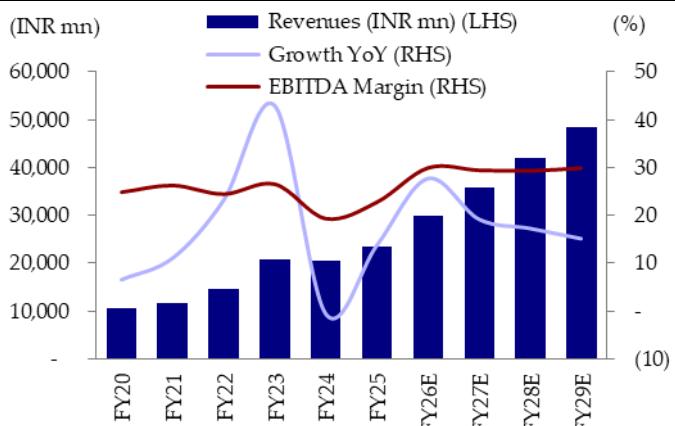
#### Exhibit 6: ... via ramp-up of all segments



Source: Company, HSIE Research

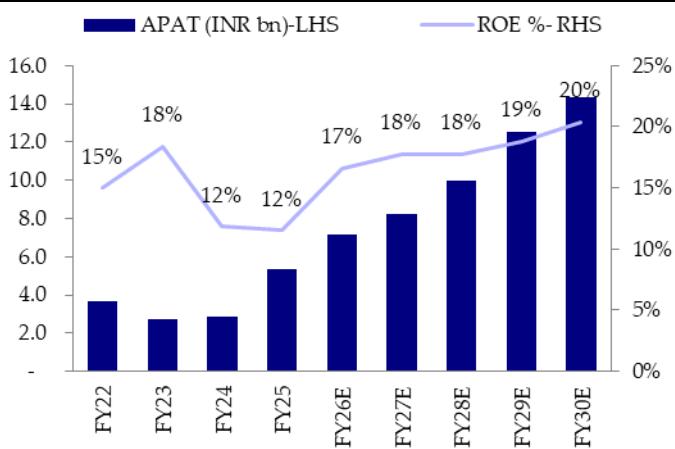
## Navin Flourine: Deep Dive

Exhibit 7: Revenue growth of 20% from FY25-29E, EBITDA margin expansion of ~711bps over FY25-29E



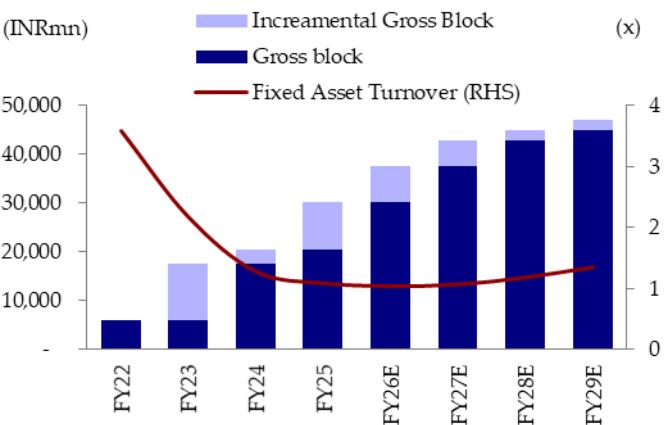
Source: Company, HSIE Research

**Exhibit 9: RoE to improve by 729bps from 11.5% to 18.8% bps while EPS CAGR will be 36% over FY25-29E**



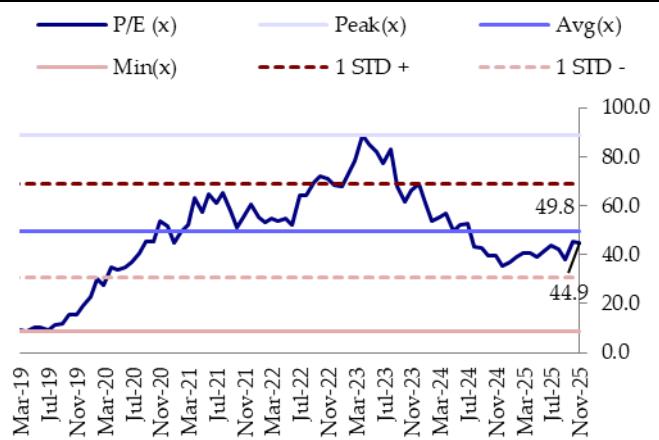
Source: Company, HSIE Research

## Exhibit 8: Capitalizing on capex of INR18bn over FY24-26 with incremental capex of ~INR 5.2bn in FY27



Source: Company, HSIE Research

## Exhibit 10: 1 Year forward PE



Source: Company, NSE, HSIE Research

## Share of top 3 players in export increased by 80%

Exports from Specialty Chemicals and CDMO together accounted for ~51% of total exports in H1FY26....

NFIL's strategy is to focus on increasing wallet share with existing customers. The strategy is leveraging marketing and sales network, diversifying product portfolio offerings and long-term relationships with customers. CDMO business focuses on key large marquee global pharma customers. It aims to increase revenues from commercial projects and late-phase molecules to ensure consistent revenue streams, often leveraging existing relationships with innovator pharma majors.

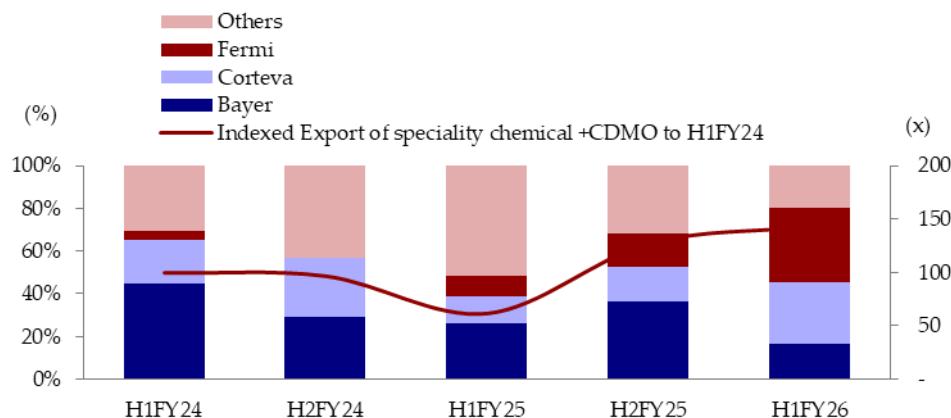
Exports from Specialty Chemicals and CDMO together accounted for ~51% of total exports in H1FY26. For NFIL, fluoro-specialty chemicals and CDMO operations continue to be anchored by three key customers – Bayer Crop Science, Corteva Agriscience, and Fermion. The share of these three customers in exports has risen to 80% in H1FY26 from 63% in FY24. It indicates that the company's strategy to increase wallet share from key customers is working out.

Over the past two quarters, ex-HPP business has seen a notable shift in mix with higher contribution from the pharma segment, led by Fermion, while Corteva drove momentum in the agrochemical portfolio. Bayer is expected to contribute meaningfully in H2FY26, driven by volume growth reflecting recent trends and the ongoing ramp-up of its multi-year contract.

...the share of Bayer, Corteva and Fermion together in exports has risen to 80% in H1FY26 from 63% in FY24

Revenue contribution from Fermion has improved sharply, increasing from 16% in H2FY25 to 29% in H1FY26, underscoring a stronger performance in the pharma CDMO segment. The growth was primarily led by ramp-up of supplies across multiple molecules awarded to Indian clients, along with incremental contribution from another high-value molecule.

**Exhibit-11: Improved revenue contribution from Fermion, Corteva in last 9 months**

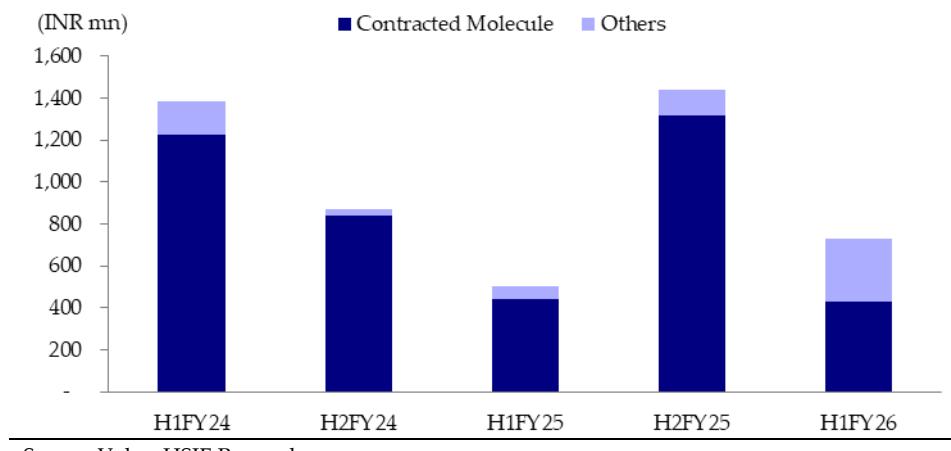


Source: Volza, HSIE Research

Revenue contribution from Fermion has improved sharply, increasing from 16% in H2FY25 to 29% in H1FY26

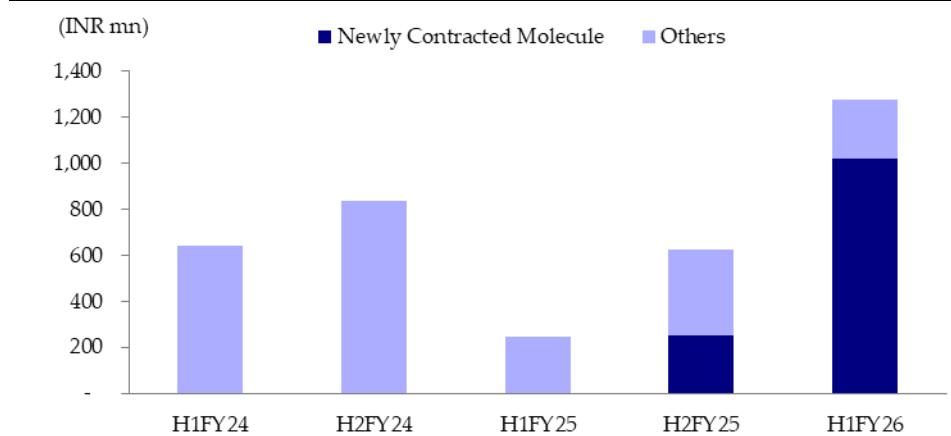
We expect Fermion's share to remain elevated in FY26 as well, reflecting NFIL's growing traction in the pharma value chain and expanding capabilities in complex fluorination-based CDMO offerings. This structural shift supports management's long-term diversification strategy beyond agricultural intermediates.

**Exhibit 12: Contracted molecules contribute 90-95% to Bayer Crop Science exports**



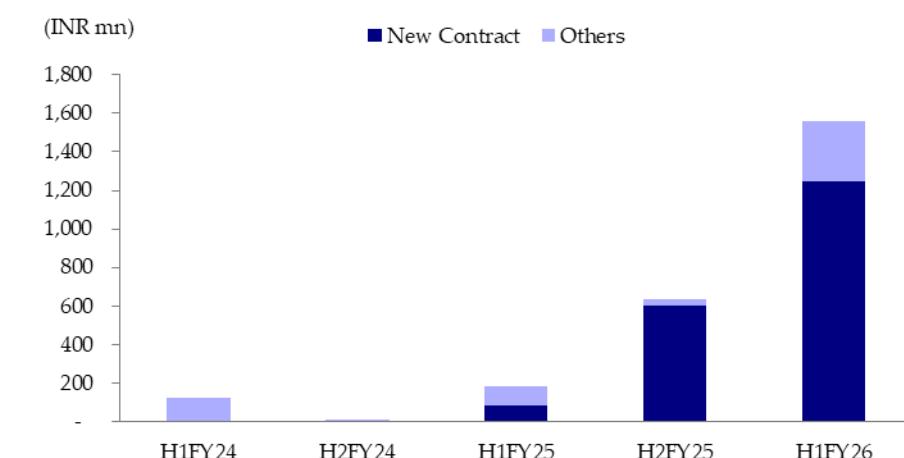
Source: Volza, HSIE Research

**Exhibit 13: Ramping up the supply for the new contracted molecule to Corteva**



Source: Volza, HSIE Research

**Exhibit 14: Ramping up supply of new contract to Fermion**



Source: Volza, HSIE Research

## Revenue on track for the major contracts

Total contracted revenue to be 40-45% of the total revenue

**Exhibit 15: Multi-year contract contributing 40-50% of the total revenue with a CAGR of 22% over FY25-29E**

*Revenue from total contracted and CDMO together will double to INR 23.30bn in FY29*

INR mn	FY24	FY25	FY26E	FY27E	FY28E	FY29E
<b>HPP Segment</b>						
Honeywell Contract	4,187	5,112	5,000	5,000	5,000	5,000
<b>Speciality Chemical</b>						
Agro Chemical Fluoro Company		252	2,100	4,200	5,400	6,000
MNC for supply of Fluoro speciality chemicals	1,682	1,607	1,600	1,600	1,600	1,600
<b>CDMO</b>						
Expected contract Ramp up	2,620	3,430	4,974	6,963	8,704	10,702
<b>Total Contracted+CDMO</b>	<b>8,489</b>	<b>10,400</b>	<b>13,674</b>	<b>17,763</b>	<b>20,704</b>	<b>23,302</b>
<b>Total Revenue</b>	<b>20,650</b>	<b>23,494</b>	<b>30,010</b>	<b>35,775</b>	<b>41,961</b>	<b>48,326</b>
% contract	41%	44%	46%	50%	49%	48%

Source: Volza, Company, HSIE Research

We believe revenue from total contracted and CDMO together will double to INR 23.30bn in FY29. The current assumptions are based on the existing contracts and management guidance. The share of speciality and CDMO shall rise by FY29, and it will reach to 79% of total contracted revenue and CDMO revenue. The mix will be highly balanced across HPP, speciality chemical, and CDMO verticals. We expect the company to sign new contracts, considering the next leg of capex will come, post cGMP commissioning.

### Fluoro agrochemical intermediate plant

*The Nector project has an estimated revenue potential of INR 6bn. The company has already secured firm orders for the dedicated capacity for 2026, with these orders locked in at a contract price. NFIL envisages a peak revenue from this plant by FY27*

NFIL had commenced supplies under a multi-year agrochemical intermediate contract since Q3FY23, backed by a capex investment of INR1.25bn and carrying a peak revenue potential of INR1.5–1.7bn. It is a dedicated facility for multinationals.

After witnessing stronger traction in H2FY25, the company expects a similar pattern in H2FY26. Additionally, NFIL has started catering to molecules that were previously supplied to other agro players. In FY24 and FY25, NFIL's exports of contracted molecules to Bayer Crop Science were INR ~1,600mn. In H1FY26, the export revenue of this molecule was INR430mn.

We expect Bayer's contribution to rise from Q3FY26 onward, aiding overall export growth in the agrochemical segment. Bayer Crop Science contributes an estimated ~35% of exports from the Specialty Chemical Business.

### Ramp-up in project Nectar is on track

The commercial production for the fluoro specialty plant. Resulting from the INR5.4bn capex began in December-2024. The project has an estimated revenue potential of INR 6bn. The global market size for this product ranges between 4,000 to 5,000 tonnes per annum. NFIL's plant having a capacity that meets 50% of the existing global demand. At this plant, half of the capacity is dedicated to a client, while the other half is non-dedicated. The company has already secured firm orders for the dedicated capacity for 2026, with these orders locked in at a contract price.

NFIL envisages a peak revenue from this plant by FY27. In FY26, it intends for most sales to be associated with the dedicated portion of the plant. For the non-dedicated part, the company will be exposed to a price impact. Its strategy outlines that it would like to maximise capacity and protect or increase absolute EBITDA and is ready to compromise the percentage of EBITDA if needed.

In H1FY26, NFIL generated ~INR1bn in revenue from leading agrochemical major, reflecting the initial ramp-up phase. Supply volumes are expected to scale further in the coming quarters, aided by operational stability and diversification to an additional customer in H1FY26. NFIL will generate INR 2bn in FY26 while the revenue is expected to increase to INR 4.2bn by FY27. The arrangement with the agrochemical producer remains a key growth lever for the agrochemical export business in FY26 and FY27.

### Honeywell is a major player

NFIL had commenced the supply to refgas giant Honeywell in Q3FY23, with a capex of INR 3.65bn. It is a seven-year contract with an annual demand of 8,000 to 10,000 MTPA and revenue potential upward of INR4.5bn per annum. The company is a co-producer of this product along with the customer. The customer is certain about production requirements and, accordingly, it has allocated the capacity to NFIL.

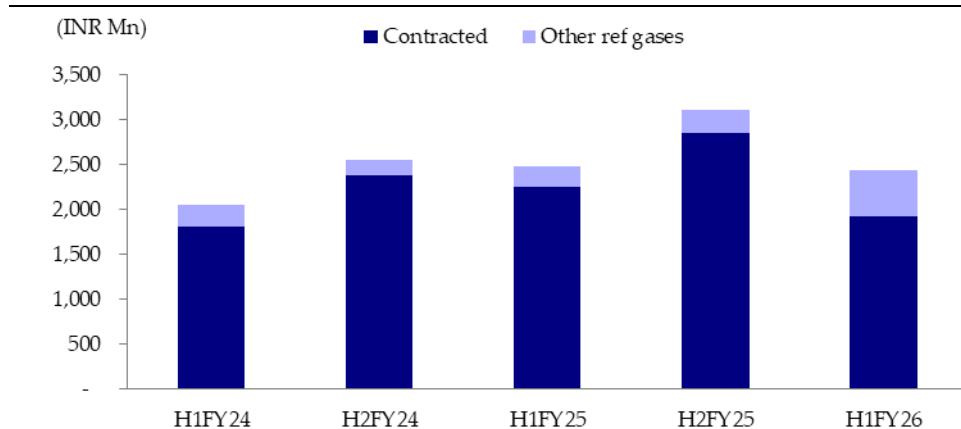
The product is used as a foaming agent or foam application in construction. In the US, where there is variation in temperature throughout the year and across the country, the product acts as an insulating agent. Therefore, the growth of this molecule will mimic the growth in the US construction industry.

During FY24 and FY25, it ramped up the supplies to Honeywell with major contribution coming from contracted molecules. Additionally, guidance of the revenue from Honeywell has increased from INR 4bn to INR 5 to 5.5bn. We expect the company to maintain this run rate over the years.

During FY25, total exports to Honeywell were ~INR 5.6bn, of which 91% was from contracted revenue. In H1FY26, it can be evident that the offtake of other refrigerant gases going to Honeywell has increased. Additionally, NFIL maintained the YTD run rate of contracted revenue. We expect a similar pattern in H2FY26 in other ref gases and increased offtake in contracted volume.

*During FY25, total exports to Honeywell were ~INR 5.6bn, of which 91% was from contracted revenue. In H1FY26, it can be evident that the offtake of other refrigerant gases going to Honeywell has increased.*

### Exhibit 16: Major revenue contribution of Honeywell coming from contracted revenue



Source: Volza, HSIE Research

## Expansion at right timing

### Capex of INR10bn will be capitalized by FY27

NFIL commissioned cGMP4 phase 1 in Q2FY26 and started commercial production in Q3FY26 and started R32 expansion in Q4FY25.

Between H2FY26–FY27, NFIL plans to incur capex of ~INR 9.8bn. It includes AHF project, cGMP 4 phase 2, expansion in R32, Chemours contract manufacturing and MPP debottlenecking. Each project has timeline to be commissioned in FY27.

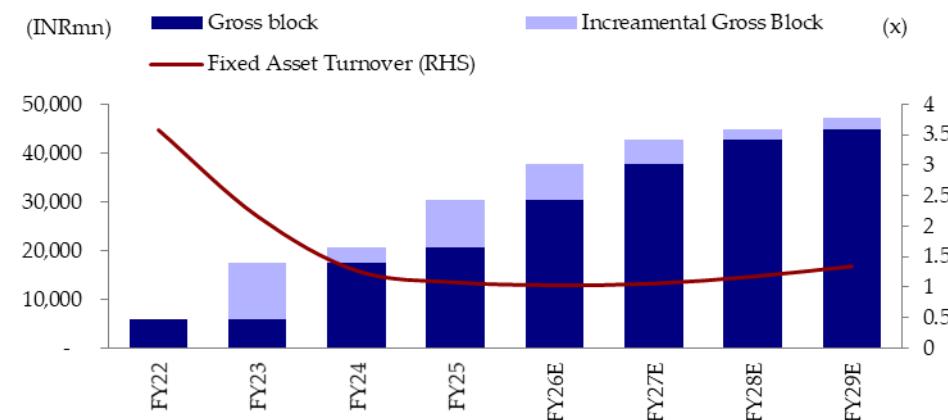
NFIL commissioned cGMP4 phase 1 in Q2FY26 and started commercial production in Q3FY26 R32 expansion in Q4FY25. The total investment for these commissioned projects stood at approximately INR 2.5bn. Between H2FY26–FY27, NFIL plans to incur capex of ~INR 9.8bn. It includes AHF project of INR 4.5bn to be commissioned in the coming quarters by the end of FY26. Capex of cGMP 4 phase 2, Newly announced capacity expansion in R32, Chemours contract manufacturing and MPP debottlenecking. Each project has timeline to be commissioned in FY27.

NFIL has announced a capacity expansion of 15,000 MTPA (R32 and equivalent HFCs) for an estimated cost of INR 2.36bn, along with MPP debottlenecking involving an outlay of INR 0.75bn. Both projects are expected to be commissioned by Q3FY27.

NFIL has also entered into a strategic partnership with Chemours for contract manufacturing, involving a total investment of INR 1.2bn, of which INR 0.55bn will be contributed by Chemours. The collaboration, finalized in May 2025, is expected to enhance NFIL's positioning in high-value refrigerant and specialty segments. The project is expected to be commissioned in H1FY27.

In H1FY26, the company completed a Qualified Institutional Placement (QIP), raising about INR 7.5bn, which is expected to support the upcoming phase of capital expenditure. As of September 2025, NFIL reported cash and cash equivalents of ~INR 8.4bn, which will suffice for any further capex expenditure.

### Exhibit 17: Consistent gross block addition to capitalize on opportunity in HPP, CDMO, and spec chem business



Source: Company, HSIE Research

*NFIL has now provided validation batches to customers, with commercial supplies scheduled to commence from January 2026. Management believes that cGMP 4 phase 1, along with phases 1, 2, and 3, will be sufficient to achieve the targeted revenue of USD 100mn by FY27.*

*NFIL is currently developing 25-30 molecules, with 8-10 in late-stage development and 2-3 expected to transition to commercial stage over the next 2-3 years.*

### **cGMP4 project to help reach intended revenue of USD100mn from CDMO**

NFIL has adopted a strategy to capitalize on opportunities in the commercialization of late-stage molecules, while strengthening its relationships with innovators from the early development stages. Reflecting this approach, the company has already increased its supply of commercially approved molecules to global innovators from its existing facilities. NFIL commissioned the first phase of INR1.6bn of cGMP 4 in September 2025. NFIL has now provided validation batches to customers, with commercial supplies scheduled to commence from January 2026. Management believes that cGMP 4 phase 1, along with phases 1, 2, and 3, will be sufficient to achieve the targeted revenue of USD 100mn by FY27.

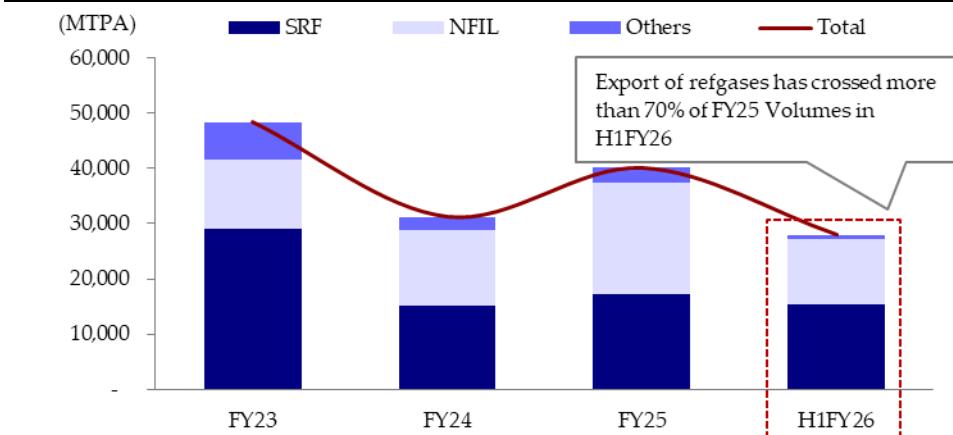
Once the utilization of cGMP facilities reaches 60-70%, the company will commence work on cGMP phase 2. As soon as the utilization in cGMP phase 1, as well as the phases 1, 2, and 3, achieves the 60-70% threshold, NFIL will accelerate the ramp-up of cGMP Phase 2.

This expansion is expected to be completed more quickly since cGMP Phase 2 is a brownfield expansion. NFIL is currently developing 25-30 molecules, with 8-10 in late-stage development and 2-3 expected to transition to commercial stage over the next 2-3 years. The company has established relationships with innovators from the early stages of development. These molecules span therapeutic areas such as respiratory, oncology, neurology, and cardiovascular, and are expected to further drive growth in NFIL's CDMO business as they move into the commercial stage.

New contract: NFIL fulfilled an order in Q2FY26 for a major EU player involving a late-stage molecule within a novel therapeutic area. NFIL expects a repeat order by the end of CY26. Once the readout, which is expected to end in CY26 (H2FY27), proves positive, the molecule is expected to advance to the commercial stage. Manufacturing will be undertaken in Phase2 of cGMP4.

## Ramp-up in refgas output; expansion at right time

Exhibit 18: Refgas export of SRF and NFIL from India

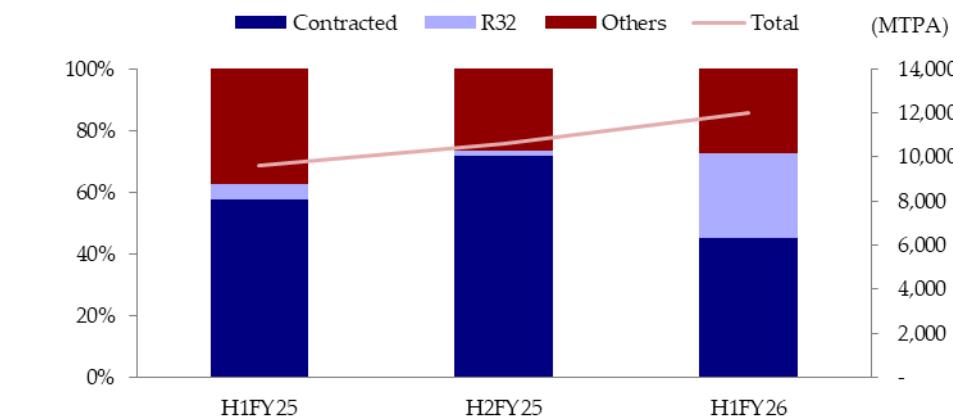


Source: Volza, HSIE Research

*Exports of R32 recorded a substantial rise – from ~4,000 MTPA in FY25 to ~8,000 MTPA in H1FY26.*

During FY25, India's total fluoro refrigerant gas exports stood at ~40,000 MTPA, marking a sharp increase from ~31,000 MTPA in FY24. In the first half of FY26 (H1FY26), exports have already reached ~28,000 MTPA, indicating strong momentum in the segment. Exports of R32 recorded a substantial rise – from ~4,000 MTPA in FY25 to ~8,000 MTPA in H1FY26. This surge was largely led by the scale-up of NFIL's R32 plant, which ramped up exports from ~700 MTPA in FY25 to ~3,500 MTPA in H1FY26.

Exhibit 19: NFIL ramping up R32 production



Source: Volza, HSIE Research

*Export contribution of R32 increased from 2% in H2FY25 to 29% in H1FY26.*

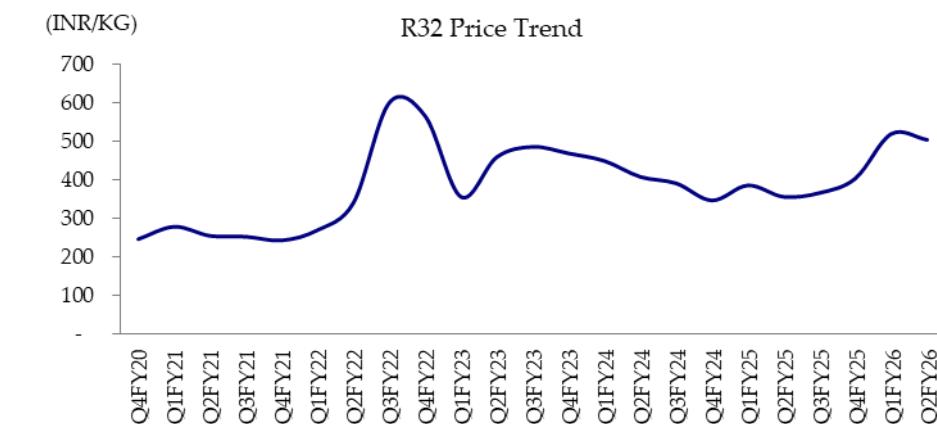
NFIL's total export volume in H1FY26 was ~12,000 MTPA. Export contribution of R32 increased from 2% in H2FY25 to 29% in H1FY26, while the company reduced exports of R22. Historically, export volumes tend to strengthen in the second half of the fiscal year, and a similar trend is expected in H2FY26, supported by contracted off-take volumes.

*To meet rising demand, NFIL will set up R-32 plant equivalent to 15,000MTPA with capex of INR 2.36bn to be commissioned in Q3FY27.*

To meet rising demand, NFIL has announced a capex of INR 2.36bn to set up an R-32 plant equivalent to 15,000MTPA to expand R32 and equivalent gas capacity by 15,000 MTPA by Q3FY27, taking the company's total refrigerant capacity to 24,000 MTPA. It is expected to drive demand beyond FY27. Current R32 realizations are in the range of INR 500–550 per kg, and the pricing environment is expected to remain firm in the near to medium term, driven by healthy domestic and export demand.

## Navin Flourine: Deep Dive

### Exhibit 20: R32 prices to remain elevated

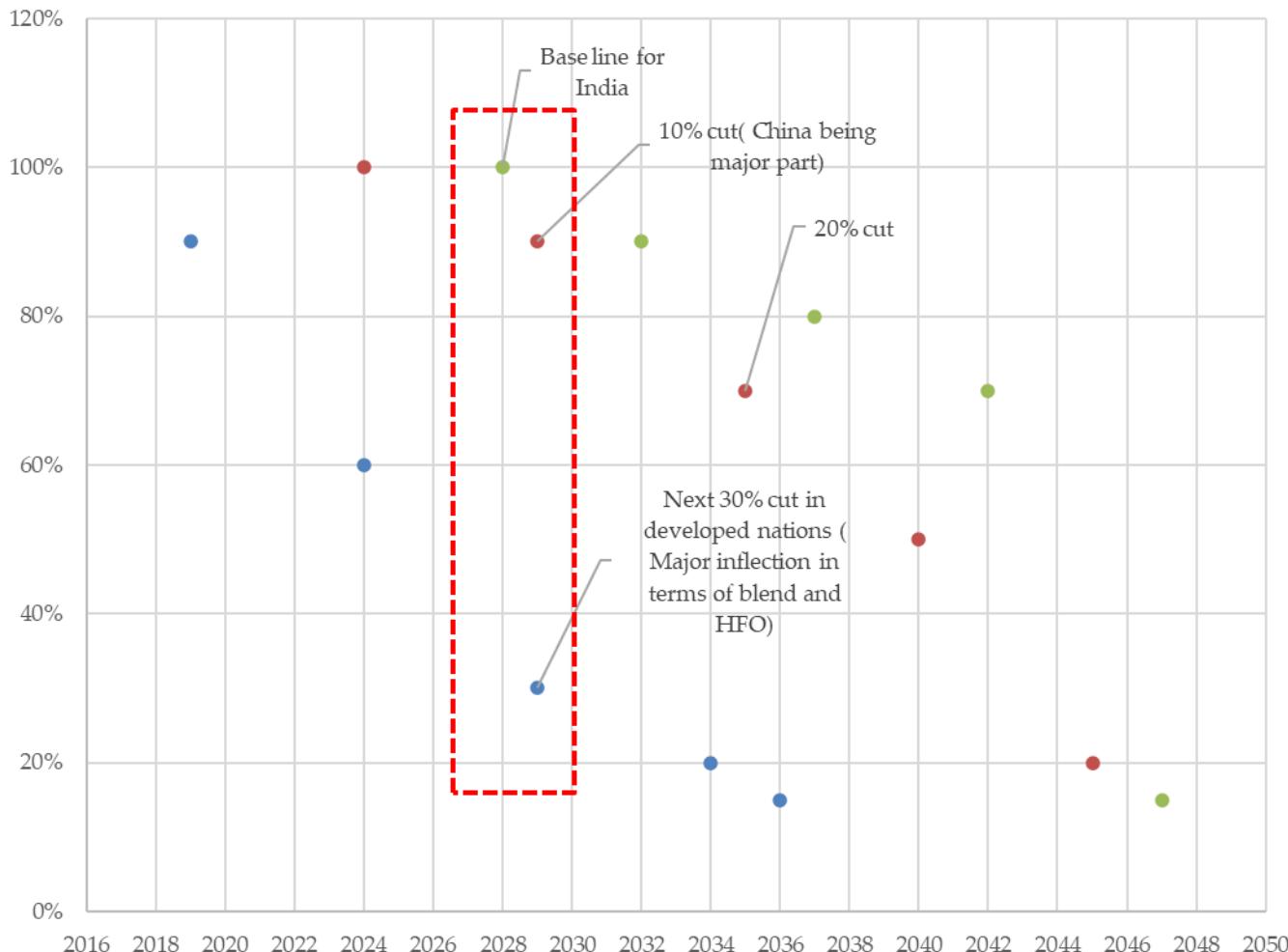


Source: Volza, HSIE Research

### Exhibit 21: Phase-down as per Kigali amendment

#### Phase down Schedule

- Base line (2011-13) Non A5 Countries ( Developed Nations)
- Base line (2020-2022) A5 countries :Group 1 (China is part of the group)
- Base line (2024-2026) A5 Countries : Group 2 ( India is part of the group)



Source: HSIE Research

## Navin Flourine: Deep Dive

The Kigali amendment, adopted in 2016, represents the latest update to the Montreal Protocol and focuses on the phase-down of Hydrofluorocarbons (HFCs). Under this amendment, countries agreed to gradually reduce CO<sub>2</sub> equivalence of HFC production and consumption. It means that countries can produce the same cooling capacity with lower GWP refrigerants.

The plan is targeting an 85% reduction by 2036 for (developed countries), an 80% reduction by 2045 for Group 1 Article 5 nations (developing countries), and an 85% reduction by 2047 for Group 2 Article 5 nations. Countries need to cut production and supply of high GWP gases. In the last five years, developed countries have stopped the production/import and consumption of high GWP gases and have moved to low GWP gases. Countries that shift to lower GWP gases/blends can produce more tones while reducing the CO<sub>2</sub> equivalent quota.

In Europe, the revised F-gas Regulation (EU) 2024/573, implemented in March 2024, introduces an even stricter phase-down pathway for HFCs compared to the Kigali targets. Europe has banned high GWP gases. This will drive faster adoption to lower GWP HFO/HFC blends in the European market. Meanwhile, in the United States, the American Innovation and Manufacturing (AIM) Act, enacted in December 2020, empowers the Environmental Protection Agency (EPA) to oversee the phase-down of HFC production and use. The act also supports the transition to next-generation, climate-friendly technologies through sector-specific controls. Within this framework, non-Article 5 countries refer to developed economies, while Article 5 countries represent developing nations.

### Exhibit 22: Phase-down as per Kigali amendment

Category	USA – AIM Act	UK – F-Gas	China – HFC Quota System
Policy Type	Market-driven CO <sub>2</sub> e quota system	Regulation-driven CO <sub>2</sub> e quota + strict GWP bans	State-driven CO <sub>2</sub> e-based production & export quota
Main Regulator	U.S. EPA	UK Environment Agency	Ministry of Ecology & Environment (MEE)
Kigali Timeline	2022–2036	2015–2030	2021–2045
Baseline Years	Avg 2011–2013	EU 2009–2012	Avg 2011–2013
Quota Format	Individual CO <sub>2</sub> e allowances per producer/importer	National CO <sub>2</sub> e cap allocated + GWP equipment bans	Production quota + export quota in CO <sub>2</sub> e
What is Controlled	Production + Import (CO <sub>2</sub> e basis)	Placing on market + Import + GWP limits	Production, Export, Domestic sales
Flexibility for Companies	High (any mix as long as CO <sub>2</sub> e $\leq$ limit)	Low–Medium (bans restrict mix)	Medium (central approval needed)
GWP-Based Bans	Limited (sector-specific only)	Extensive (<750, <150 GWP limits by equipment)	Selective (some categories)
Automotive Refrigerant	R-1234yf mandatory	R-1234yf mandatory	Gradual shift to R-1234yf
Main Replacement for R-410A	R-454B	R-454B, R-454C	R-32, R-454B
Export Impact	USA imports pure gases, blends locally	UK imports pure gases + select blends	China mainly exports pure gases + blends
Market Behaviour	Rapid shift to R-454B	Fastest global adoption of low-GWP blends	Largest producer; shifts high-GWP out first
Overall Policy Nature	Flexible, CO <sub>2</sub> e-budget model	Strict, GWP-ban model	State-quota, supply-controlling model

Source: HSIE Research

## R32 – in a sweet spot amidst changing global dynamics

HFC-32 (Difluoromethane) is one of the most widely used fluorocarbon refrigerants and serves as a key component in several blends. It is predominantly used in room air conditioners (RACs), making it one of the most significant fluorocarbons consumed in India. The compound offers several advantages, including zero ozone depletion potential (ODP), a global warming potential (GWP) of 675 over 100 years, and low flammability characteristics.

Globally, the demand for HFC-32 is estimated at ~100–105 kilotonnes (KT). In India, consumption stands at ~15 KT, of which about 5 KT is imported. Nearly 8–10 KT is used by original equipment manufacturers (OEMs), while the remainder is utilized for aftermarket applications and blended refrigerants such as R410A and R407A. HFC-32 primarily caters to stationary air-conditioning systems.

As per Exim analysis, Indian imports of R32 during FY25 were 5.5KTPA. During H1FY26, the total import of refgas stood at 1.5KTPA, 7% of which are in the form of blends like 452A, 454B.

As of 2025, total installed capacity is 39MTPA while the NFIL has also announced additional capacity of 15MTPA by Q3FY27 to meet growing demand. There is an increasing demand for blends and R32 in Refrigeration and Air Conditioning (RAC) applications. Demand for R32 and cooling requirements from RAC applications are growing globally, driven by the transition to lower Global Warming Potential (GWP) consumption requirements.

*Indian imports of R32 during FY25 were 5.5KTPA. During H1FY26, the total import of refgas stood at 1.5KTPA, 7% of which are in the form of blends like 452A, 454B.*

### Exhibit 23: Future & Transitional Refrigerant Blends

Refrigerant	Category	Composition	R-32 %	GWP	End Use	Trade Name	Future Outlook
R-427A	HFC Blend	R-32 (15%), R-125, R-143a, R-134a	15%	~2138	R-22 retrofit	Forane 427A	Retrofit niche only; will shrink as R-22 equipment retires.
R-449A	HFO/HFC Blend	R-32 (24%), R-125, R-1234yf, R-134a	24%	~1397	Refrigeration	Opteon XP40	One of the strongest R-404A replacements. Growing globally in food refrigeration.
R-455A	HFO/HFC Blend	R-1234yf (75.5%), R-32 (21.5%), CO <sub>2</sub> (3%)	21.50%	146	Heat pumps, AC	L41	Strong growth; becomes key blend in European heat pumps. Very low GWP.
R-454B	HFO/HFC Blend	R-32 (68.9%), R-1234yf (31.1%)	68.90%	466	R-410A replacement	Opteon XL41	Fastest-growing refrigerant globally. Becomes default replacement for R-410A.
R-515B	HFO Blend	R-1234ze(E), R-227ea	0%	293	Medium-pressure chillers	Solstice 515B	Strong growth in chillers requiring A1 safety.
R-513A	HFO Blend	R-1234yf (56%), R-134a (44%)	0%	573	Chillers, commercial cooling	Opteon XP10	Growing moderately; main R-134a replacement in chillers.
R-454C	HFO/HFC Blend	R-1234yf (78.5%), R-32 (21.5%)	21.50%	148	Small DX systems	Opteon XL20	Niche low-charge replacement; slow but steady adoption.
R-452A	HFO/HFC Blend	R-125, R-1234yf, R-32 (26%)	26%	~2141	Transport refrigeration	Klea 452A	Stable demand in reefer trucks; not a fast-growth segment.

Source: HSIE Research

*Excluding China, the global demand for R32 is estimated to grow at ~5% CAGR. Chinese capacity is largely expected to be consumed within China. Everything related to supply is being constrained and will be further constrained.*

The global demand supply situation is tightening due to the cuts under the Kigali amendment. Excluding China, the global demand for R32 is estimated to grow at ~5% CAGR. Chinese capacity is largely expected to be consumed within China.

Everything related to supply is being constrained.

- China is expected to see a 10% cut in supply starting in 2029.
- Cuts are being observed across the West.
- Cuts in India are expected to begin in 2032.
- Furthermore, new capacity cannot be established in India after 2026.

## Navin Fluorine: Deep Dive

*In 2029, the average HFC consumption will be further cut by 30% in Group 1 countries, including the US. Thus, demand for low GWP HFC blends will increase further.*

*On the pricing front, R32 realizations remain firm, and the NFIL management continues to emphasize maximizing volumes over the next one year to leverage favourable market dynamics.*

*The upcoming AHF plant shall help them augment margins in the fluorine chain.*

*The developed nations and some developing nations have already started shifting toward lower GWP equivalent gases.*

*Most blends with advanced refrigerant gases are IP/patent protected by entities in the US.*

*Global refrigerant gas manufacturers may form a joint venture or a contract manufacturing agreement with the Indian company to produce blends.*

In 2029, the average HFC consumption will be further cut by 30% in Group 1 countries, including the US (Exhibit-19). Thus, demand for low GWP HFC blends will increase. China has capacity which will suffice their domestic requirements while the demand in the developed nations will be filled with low GWP blends or zero GWP fourth generation refrigerants. HFO along with blend in HFC like R454B will play a crucial role in lowering GWP.

Each country will get GWP quota allocation, which will be further distributed to companies. These companies have to achieve its objective of profit maximisation within the constraint of allocated GWP. It must balance between advance refrigerant gases (HFO) and HFC/HFC blends. Each country will strive to move into advance refrigerant gases/HFC blends to reduce the pollution and to cater to rising demand. India has a supply surplus in R32. Phase-down for HFCs will play crucial roles in driving fundamentals of domestic refrigerant gas players. Revenue and margins in refrigerant gas business will be driven more by inflection in volume and realization in global markets, which will also drive fundamentals in domestic business. Indian companies are in a sweet spot to capitalize the opportunity while focusing on volume growth for quenching quota in refrigerant gas in the medium term and balancing supply across global and domestic market to get maximum benefit in the long term.

NFIL's announcement of new HFC capacity (equivalent to 15,000 MTPA of R32) is a strategic move to address global needs for transitioning to low GWP commitments while utilizing the available entitlement under the Kigali Montreal protocol. The global R32 demand-supply situation is currently in a tight balance and is expected to remain the same in the foreseeable future. The situation will further tighten as the average HFC consumption is reduced under the Kigali amendment.

On the pricing front, R32 realizations remain firm, and the NFIL management continues to emphasize maximizing volumes over the next one year to leverage favourable market dynamics. The upcoming AHF plant shall help them augment margins in the fluorine chain.

### Balancing between pure HFO and HFC

In order to comply with the Kigali amendments, the developed nations and some developing nations have already started shifting toward lower GWP equivalent gases. The refrigerant gas manufacturers have started focusing on blends of refrigerant gases. HFO and HFC blends shall help achieve compliance with regulations. NFIL management expects the R454B to gain traction, considering its GWP equivalent of 466 (67.9% R32+31.2% R1234YF).

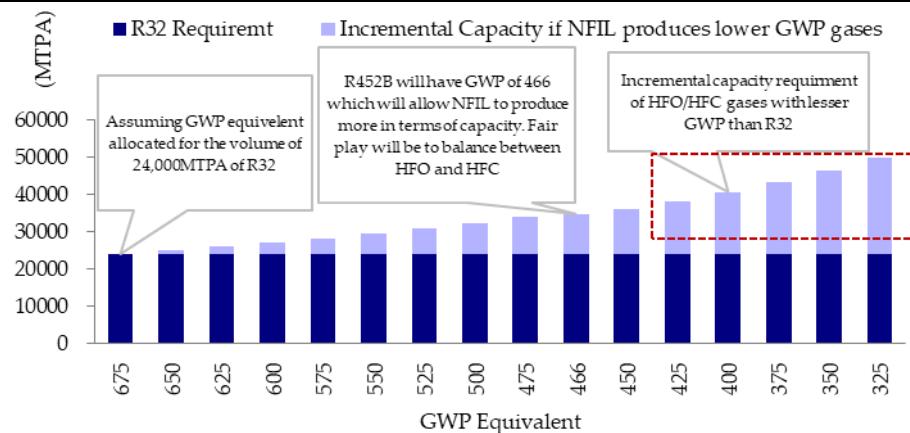
1. As per Kigali amendment, definition of blending is the mixture of gases, and it is not the new chemical. Hence, it's not considered as a production activity. Blending in the US or any country does not attract any production quota. Hence, OEMs prefer to import the HFCs and make the required blends domestically.
2. If OEMs import the blend of R454B, blended 1 MTPA of R454B attracts the GWP of 466GWP, which is equivalent to import of 0.7 MTPA of R32.
3. Most blends with advanced refrigerant gases are IP/patent protected by entities in the US. OEMs will prefer to make blends domestically rather than importing them. Honeywell, Chemours, Daikin, etc., will focus on importing components of the blends separately from the manufacturers of the refrigerant gases rather than importing blends. The trade-off between HFO and HFC blends shall be the function of price differential between them.
4. We believe global refrigerant gas manufacturers may form a joint venture or a contract manufacturing agreement with the Indian company to produce blends. The global giant will control quality, process, IP and sales terms where they can control the whole supply chain.

## Navin Flourine: Deep Dive

*Post allocation of GWP quota, In order to get maximum benefit of GWP allocation. NFIL will have to balance out production between HFC/HFC blends and HFO. The equation for which will be derived from international markets as India is R32 Surplus in terms of demand. R32 is crux of all blends*

- The GWP quota allocation is expected to be completed in CY27. The Indian manufacturers have to maximize the consumption and production volume of refrigerant gases until 2026-end. Therefore, they will focus on producing HFCs. The GWP of HFO is zero; thus, production of HFOs will not consume any GWP quota allocated to the company. India currently has R32 surplus; hence, any demand of R32 products can be derived as export market. Blends of R32 can help the Indian manufacturers increase the consumption quota of refrigerant gases.

### Exhibit 24: Fair play across balancing GWP equivalence



Source: HSIE Research

### Focus is on absorbing technologies to produce new 4<sup>th</sup> generation refrigerant gases

**Chemours Opteon tie-up:** NFIL has entered a partnership with Chemours for contract manufacturing. An investment of INR1.2bn (of which INR0.8bn was by NFIL) is a strategic investment for NFIL. The plant is expected to commence in Q1FY27. The two-phase immersion cooling fluid technology is a proprietary technology of Chemours and is still at testing level. The primary objective of NFIL from this JV is to absorb the technology. This manufacturing plant will supply samples for testing. This fluid is used in data centers and advanced AI next-generation chips for cooling. Market size is expected to reach INR 3.5 bn in FY35 from INR 0.55bn in FY26.

NFIL has signed an agreement with Chemours to produce Opteon™ 2P50, which is a next generation Liquid Cooling Fluid. For Chemours, Opteon™ refrigerant business revenue grew from USD597mn in CY22 to USD810mn in CY24 at a CAGR of 16%. There are three different technologies in a liquid cooling solution:

1. Single Phase Direct to Chip
2. Two Phase Direct to Chip
3. Two Phase Immersion Cooling

Chemours is present in 'Two Phase Direct to Chip' and 'Two Phase Immersion Cooling.' The growth momentum in liquid cooling solution to continue through 2030. It is estimated to reach USD3bn by 2030 from USD0.55bn in 2026. Chemours expect that two phase immersion cooling technology will be a major portion of the total liquid cooling market by 2030.

Opteon™2P50 is Two Phase Immersion Cooling fluid while Opteon™ SF33 is a fluid used in Two Phase direct to Chip technology. Chemours has recently launched full-scale trial for Opteon™ 2P50 with value chain players. Features and advantages of using Opteon™ 2P50 over existing technology where Opteon™ SF33 is being used as a refrigerant.

## Navin Fluorine: Deep Dive

### Features and key advantages of Opteon™ SF33 and Opteon™ 2P50

Opteon SF33 Two phase direct to chip technology (Existing technology)	Opteon 2P50 two phase immersion cooling technology (New age technology)
<b>Features</b>	<b>Features</b>
# Chilled Opteon SF33 thermal management fluid circulates into the server rack	# Electronic equipment is placed inside a semi 1 hermetic tank filled with Opteon 2P50
# A specialized cold plate located directly on top of the chip is used to transfer heat to the fluid	# The heat from the electronic equipment causes the fluid to boil
# The vapor returns to a to be condensed back to a liquid and recirculated back to the chip	# The fluid returns to the pool in a passive cycle
<b>Key advantages</b>	<b>Key advantages</b>
# High heat transfer rates	# Low total cost of ownership
# High thermal capacity	# Low water usage
# Low GWP	# Low GWP
# Stable temperatures during operation	# Low asset footprint

Source: HSIE Research

**NFIL is expected to commission an AHF plant with a 40,000 MTPA. The commissioned plant will produce Buss Chem Tech Grade AHF.**

### AHF plant and demand outlook

NFIL is expected to commission an AHF plant with a 40,000 MTPA and a capex of INR 4.5bn in Q3FY26. It will increase the total capacity to 60,000MTPA. 50% of the capacity is expected to be fulfilled with a captive requirement for the existing as well as expected increase in capacity in refrigerant gas business. The commissioned plant will produce Buss Chem Tech Grade AHF.

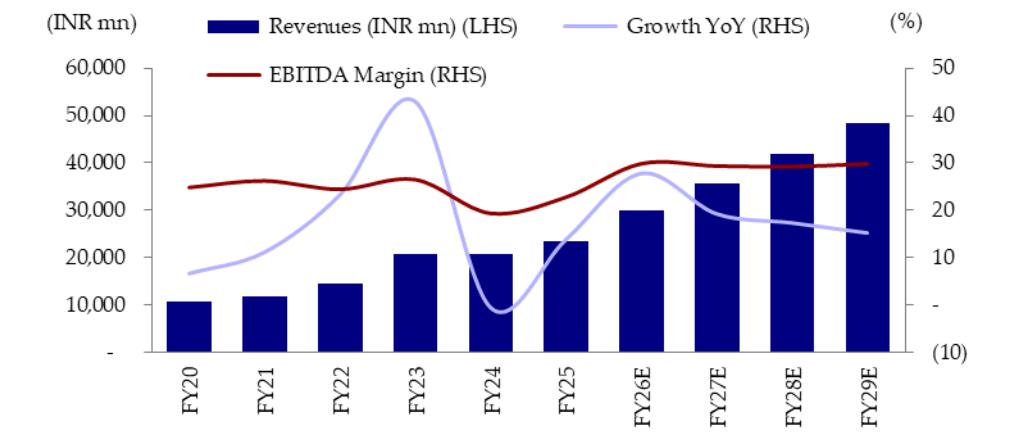
The HF plant will also help the company keep Chinese imports at bay. The management expects there to be a shortage of HF capacities globally in 2-3 years. Thus, while growing a business in downstream molecules, the company is securing HF as well with this capacity addition. Initially, the company may do merchant sales to customers in the US and Southeast Asia. However, its focus is on value-added products rather than selling HF in merchant sales.

NFIL has tied up with BUSS Chem Tech for technology for solar grade, high purity AHF plant. Solar-grade HF finds application in emerging businesses like material science, solar cell manufacturing. It requires an HF requirement of N5 grade (high purity). The product will be marketed by NFIL while using technology from Buss Chem Tech AG. It is aligned with the AHF project of INR 4.5bn and is expected to be commissioned in Q3FY26.

### Firing up on all cylinders

Revenue of NFIL is expected to grow from INR 23.49bn in FY25 to INR 48.3bn in FY29. The growth in each business was led by increased contribution in all segments.

### Exhibit 25: Revenue growth of 20% from FY25-29E, EBITDA margin expansion of ~711bps over FY25-29E



Source: Company, HSIE Research

## Navin Fluorine: Deep Dive

**The growth in CDMO business will be driven by ramp-up cGMP 4 phase 1 and supply of material for late-stage molecules from cGMP 1, 2, and 3**

**The growth in HPP business will be led by ramp-up in the volume of incremental capacity and pricing pressure. The prices of refrigerant gases are expected to remain higher, given the demand-supply mismatch globally.**

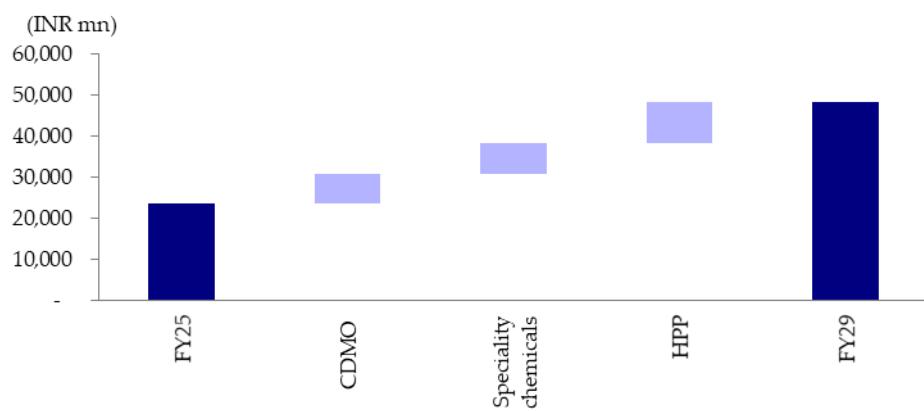
**NFIL is expected to commission an AHF plant with a 40,000 MTPA. The commissioned plant will produce Buss Chem Tech Grade AHF.**

In H1FY26, CDMO business generated revenue of INR 2.33bn. Growth in the business was primarily driven by increased offtake in Fermion contract. We expect the CDMO business to increase from INR ~5bn in FY26 to INR 10.7bn in FY29 at a CAGR of 33%. Business growth will be driven by ramp-up cGMP 4 phase 1 and supply of material for late-stage molecules from cGMP 1, 2, and 3.

In H1FY26, HPP segment generated a revenue of INR 8.11bn. 42.4% growth in H1FY26 over H1FY25 was led by increased contribution of R32 in exports. The offtake of Honeywell was in line with H1FY25. Cyclically, H2 will have better offtake compared to H1. The prices of refrigerant gases are expected to remain higher, given the demand-supply mismatch globally. We expect the HPP business to increase from INR ~16bn in FY26 to INR 22.22bn in F29, at a CAGR of 17%. The company has announced a capex of INR 2.36bn to expand R32 capacity equivalent of 15ktpa. The plant will start commercial operation by Q3FY27. The growth in HPP business will be led by ramp-up in the volume of incremental capacity and pricing pressure.

Speciality chemical business generated a revenue of INR 4.39bn in H1FY26. It was led by the increased contribution in Nector project. We expect the speciality chemical business to increase from INR 8.8bn in FY26 to ~INR 15.3bn in F29, at a CAGR of 18%. NFIL will incur debottlenecking at MPP site, with commissioning by Q3FY27. Growth will be led by increased offtake in Nector project and debottlenecking of the MPP site.

### Exhibit 26: Incremental revenue of ~INR 25bn over FY25-29E



Source: HSIE Research

**The margins are expected to increase by 711bps, from 22.7% in FY25 to 29.8% in FY29. APAT margin will expand by 837bps from 12.3% in FY25 to 20.7% in FY29E, in line with EBITDA expansion.**

EBITDA is expected to increase from INR 5.34bn in FY25 to INR 14.41bn in FY29. The margins are expected to increase by 711bps, from 22.7% in FY25 to 29.8% in FY29. Margin growth is expected to be led by a. inflection in CDMO business; b. improved margin in refrigerant gas business, given prices will remain higher; c. backward integration in refrigerant gas business with commissioning of AHF project to help drive captive demand in refrigerant gas production.

APAT will grow from INR 2.88bn in FY25 to INR 9.98bn in FY29E at a CAGR of 36% over FY25-29E. APAT margin will expand by 837bps from 12.3% in FY25 to 20.7% in FY29E, in line with EBITDA expansion.

The gross block is expected to grow from ~INR 30.27bn in FY25 to INR 47.142bn in FY29 while the asset turnover is likely to improve from 1.09x to 1.35x in FY29.

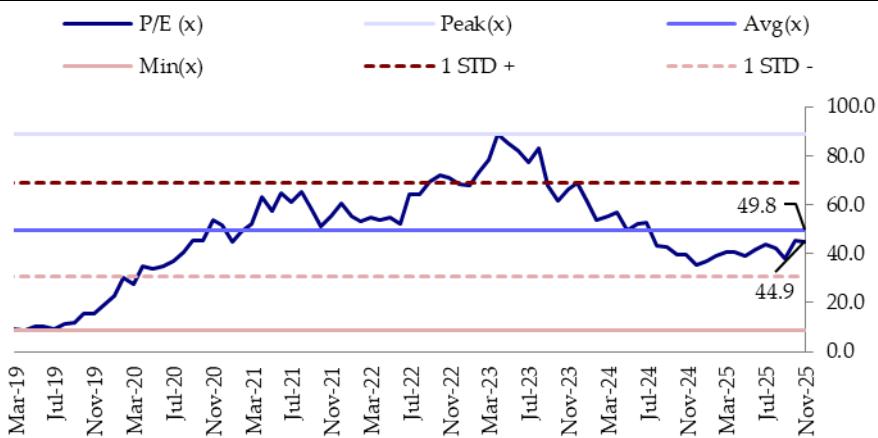
The RoE is expected to increase from 11.5% in FY25 to 18.8% in F29E, led by improved APAT margin. RoCE is expected to increase from 8.7% in FY25 to 16.2% in FY29. The company will generate an operating cash flow of ~INR 41.3bn, spread over FY25-29.

During FY19-FY25 the growth in EPS was 13% while the 5-year average 1 year forward was 50x with the peak of 90x in H1FY24. Over the next 3 years, we expect the EPS to grow with CAGR of 23% from INR 104 to INR 195. We maintain BUY recommendation with target price of INR 7,000 with implied PE of 43.7x in FY28.

## Navin Flourine: Deep Dive

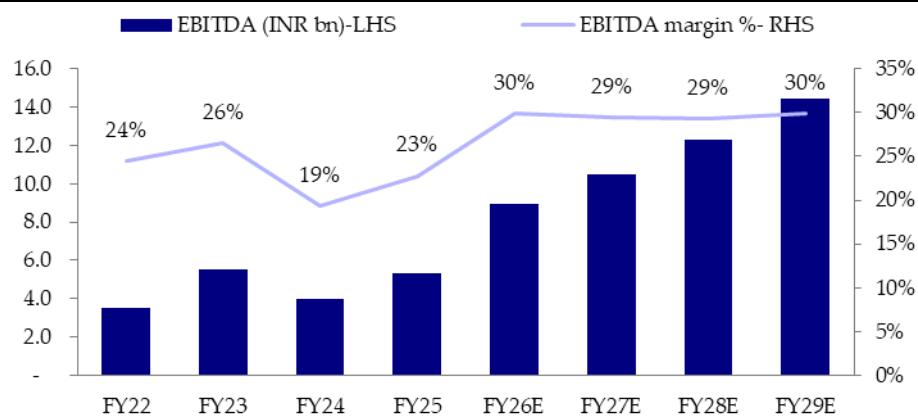
Over the next 3 years, we expect the EPS to grow with CAGR of 23% from INR 104 to INR 195 with implied multiple of 43.7x in FY28

### Exhibit 27: PE chart



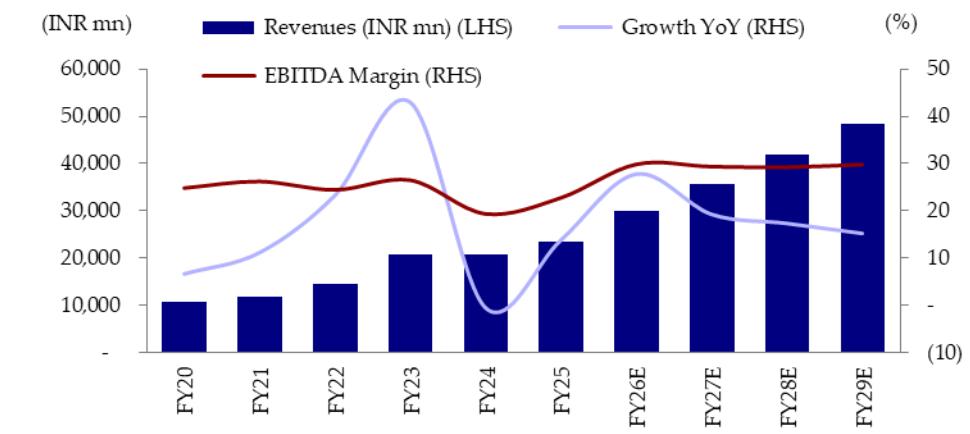
Source: Company, NSE, HSIE Research

### Exhibit 28: Increase in EBITDA margin by 711 bps from FY25 to FY29 to 29.8%



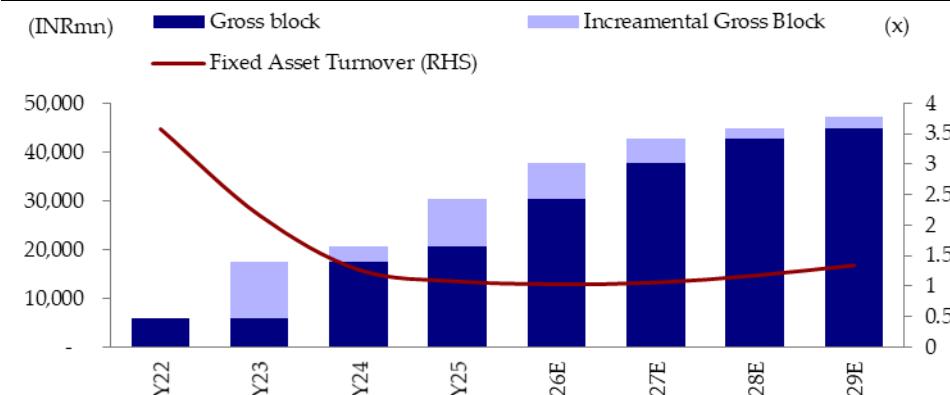
Source: Company, HSIE Research

### Exhibit 29: Revenue growth with CAGR of 20% from FY25 to FY29



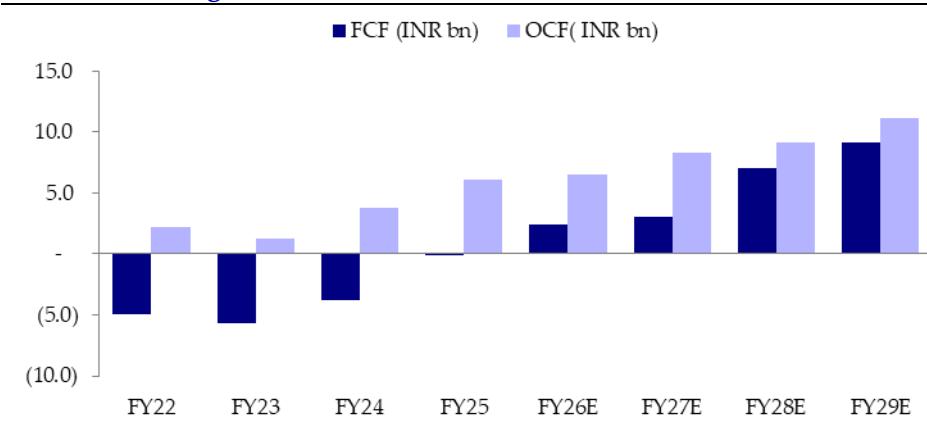
Source: Company, HSIE Research

**Exhibit 30: Incremental gross block of INR 16.9bn from FY25-FY29**



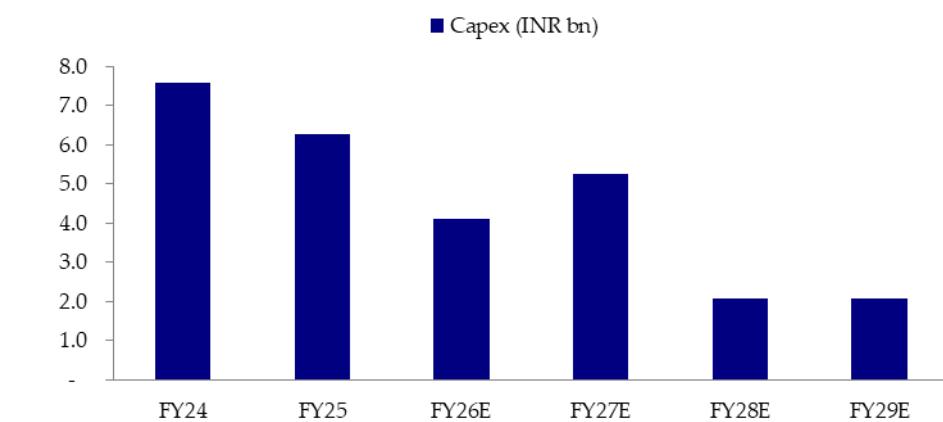
Source: Company, HSIE Research

**Exhibit 31: FCF generation of INR 21.6bn from FY26 to FY29**



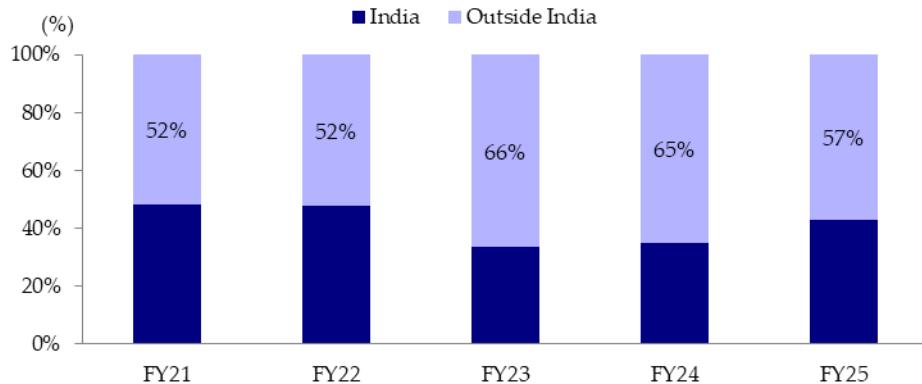
Source: Company, HSIE Research

**Exhibit 32: Capex of INR 13.5bn from FY26 to FY29**



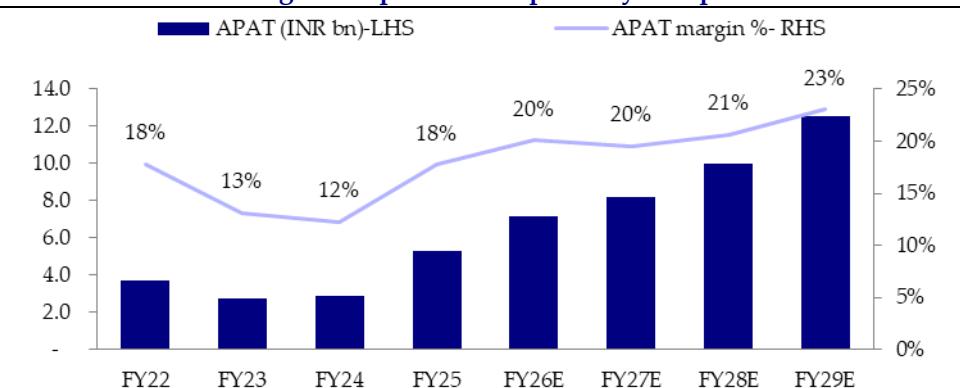
Source: Company, HSIE Research

**Exhibit 33: More than 50% of the revenue is coming from outside India**



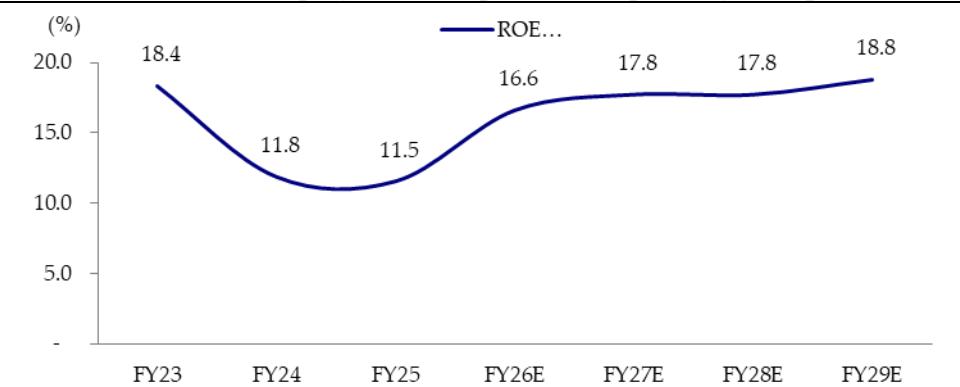
Source: Company, HSIE Research

**Exhibit 34: APAT margin is expected to improve by 837bps over FY25-29**



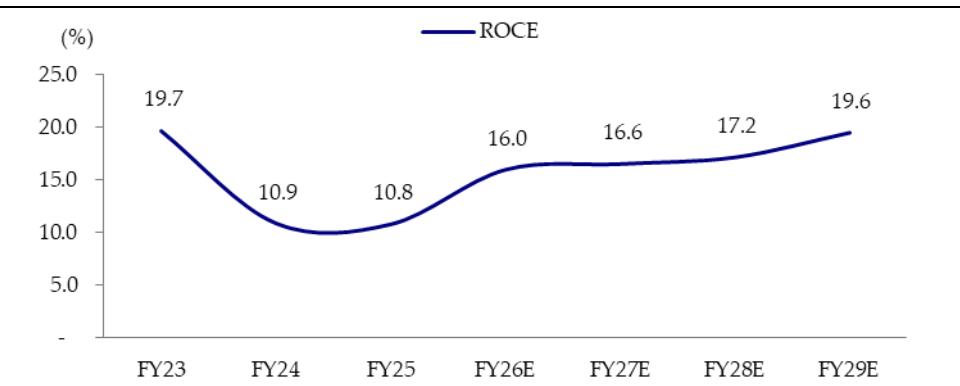
Source: Company, HSIE Research

**Exhibit 35: Return on equity ratio is expected to improve by 729 bps over FY25-29**



Source: Company, HSIE Research

**Exhibit 36: Return on capital employed is expected to improve by 750bps over FY25-29**



Source: Company, HSIE Research

## Navin Flourine: Deep Dive

### INCOME STATEMENT

INCOME STATEMENT (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Revenues	11,794	14,534	20,774	20,650	23,494	30,010	35,775	41,961	48,326
<i>Growth (%)</i>	11.1	23.2	42.9	(0.6)	13.8	27.7	19.2	17.3	15.2
Material Expenses	5,374	6,656	8,960	9,354	10,386	12,842	15,489	19,161	22,648
Employee Expenses	1,417	1,815	2,494	2,858	2,967	3,001	3,681	3,940	4,291
Other Operating Expenses	1,910	2,514	3,817	4,455	4,804	5,202	6,090	6,579	6,972
<b>EBIDTA</b>	<b>3,093</b>	<b>3,548</b>	<b>5,503</b>	<b>3,983</b>	<b>5,337</b>	<b>8,966</b>	<b>10,515</b>	<b>12,282</b>	<b>14,415</b>
<i>EBIDTA Margin (%)</i>	26.2	24.4	26.5	19.3	22.7	29.9	29.4	29.3	29.8
<i>Growth (%)</i>	17.4	14.7	55.1	(27.6)	34.0	68.0	17.3	16.8	17.4
Depreciation	442	479	626	962	1,214	1,484	1,659	1,767	1,854
<b>EBIT</b>	<b>2,651</b>	<b>3,069</b>	<b>4,877</b>	<b>3,021</b>	<b>4,123</b>	<b>7,482</b>	<b>8,855</b>	<b>10,515</b>	<b>12,561</b>
Other Income (incl EO items)	946	392	357	559	458	596	834	901	1,171
Interest	18	19	275	746	779	1,234	721	661	646
<b>PBT</b>	<b>3,578</b>	<b>3,442</b>	<b>4,959</b>	<b>2,835</b>	<b>3,802</b>	<b>6,844</b>	<b>8,969</b>	<b>10,755</b>	<b>13,086</b>
Tax	1,108	812	1,207	650	915	1,521	1,786	2,550	3,103
<b>PAT before share of JV</b>	<b>2,471</b>	<b>2,631</b>	<b>3,752</b>	<b>2,185</b>	<b>2,887</b>	<b>5,323</b>	<b>7,182</b>	<b>8,205</b>	<b>9,983</b>
Minority Interest	-	-	-	-	-	-	-	-	-
EO items (net of tax)	359	24	50	(521)	-	-	-	-	-
Share of Profits from JV/Associates	105	(0)	(0)	0	0	-	-	-	-
<b>APAT</b>	<b>2,216</b>	<b>2,606</b>	<b>3,702</b>	<b>2,706</b>	<b>2,887</b>	<b>5,323</b>	<b>7,182</b>	<b>8,205</b>	<b>9,983</b>
<i>Growth (%)</i>	(42.5)	17.6	42.0	(26.9)	6.7	84.4	34.9	14.2	21.7
<b>AEPS</b>	<b>43.3</b>	<b>50.9</b>	<b>72.3</b>	<b>52.9</b>	<b>56.4</b>	<b>104.0</b>	<b>140.3</b>	<b>160.3</b>	<b>195.0</b>

Source: Company, HSIE Research

### BALANCE SHEET

Year ending March (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
<b>SOURCES OF FUNDS</b>									
Share Capital	99	99	99	99	99	102	102	102	102
Reserves	16,240	18,343	21,750	23,728	26,163	37,652	43,039	49,192	56,680
<b>Total Shareholders Funds</b>	<b>16,339</b>	<b>18,442</b>	<b>21,850</b>	<b>23,827</b>	<b>26,262</b>	<b>37,754</b>	<b>43,141</b>	<b>49,295</b>	<b>56,782</b>
Long-term Debt	-	1,000	7,531	11,340	11,508	11,508	9,508	9,508	9,008
Short-term Debt	25	45	955	2,060	2,900	1,508	1,508	1,508	1,508
<b>Total Debt</b>	<b>25</b>	<b>1,045</b>	<b>8,487</b>	<b>13,399</b>	<b>14,407</b>	<b>13,016</b>	<b>11,016</b>	<b>11,016</b>	<b>10,516</b>
Deferred Taxes	207	201	347	643	754	704	654	604	554
Other LT Liabilities	409	372	350	489	339	339	339	339	339
Minority Interest	-	-	-	-	-	-	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>	<b>16,980</b>	<b>20,060</b>	<b>31,033</b>	<b>38,359</b>	<b>41,762</b>	<b>51,813</b>	<b>55,149</b>	<b>61,253</b>	<b>68,190</b>
<b>APPLICATION OF FUNDS</b>									
Net Block	3,985	4,156	15,065	17,363	25,992	31,812	35,403	35,698	36,094
<b>CWIP</b>	<b>949</b>	<b>7,421</b>	<b>2,786</b>	<b>7,111</b>	<b>3,554</b>	<b>375</b>	<b>375</b>	<b>375</b>	<b>188</b>
Good will	878	878	878	878	878	878	878	878	878
LT Investments	1,136	1,087	2,717	2,884	2,072	2,470	2,960	3,562	4,305
LT Loans & Advances	81	121	3	3	2	2	2	2	2
Inventories	1,804	2,575	4,681	3,717	3,224	4,119	4,910	5,759	6,632
Debtors	2,841	3,577	5,615	5,125	5,824	7,440	8,869	10,402	11,980
Cash & Equivalents	6,284	2,000	670	5,136	5,123	10,649	8,599	12,295	16,975
Other Current Assets	1,019	2,041	2,872	1,555	1,717	1,796	1,876	1,956	2,036
<b>Total Current Assets</b>	<b>11,947</b>	<b>10,193</b>	<b>13,838</b>	<b>15,532</b>	<b>15,888</b>	<b>24,003</b>	<b>24,254</b>	<b>30,412</b>	<b>37,623</b>
Creditors	1,074	1,465	2,435	3,025	3,270	4,177	4,979	5,840	6,725
Other Current Liabilities	920	2,329	1,818	2,386	3,353	3,550	3,742	3,834	4,173
<b>Total Current Liabilities</b>	<b>1,995</b>	<b>3,794</b>	<b>4,253</b>	<b>5,411</b>	<b>6,623</b>	<b>7,727</b>	<b>8,721</b>	<b>9,674</b>	<b>10,899</b>
<b>Net Current Assets</b>	<b>9,953</b>	<b>6,398</b>	<b>9,585</b>	<b>10,121</b>	<b>9,266</b>	<b>16,276</b>	<b>15,533</b>	<b>20,738</b>	<b>26,724</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>16,980</b>	<b>20,060</b>	<b>31,033</b>	<b>38,359</b>	<b>41,762</b>	<b>51,813</b>	<b>55,149</b>	<b>61,253</b>	<b>68,190</b>

Source: Company, HSIE Research

# Navin Flourine: Deep Dive

## CASH FLOW STATEMENT

(Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Reported PBT	3,683	3,442	4,959	3,356	3,802	6,844	8,969	10,755	13,086
Non-operating & EO items	(205)	(35)	(270)	52	(270)	-	0	0	0
Adjusted PBT	3,888	3,478	5,228	3,304	4,072	6,844	8,969	10,755	13,086
Interest expenses	18	19	275	746	779	1,234	721	661	646
Depreciation	442	479	626	962	1,214	1,484	1,659	1,767	1,854
Working Capital Change	(1,279)	(966)	(3,679)	(608)	986	(1,485)	(1,306)	(1,510)	(1,306)
Tax Paid	(1,108)	(812)	(1,207)	(650)	(915)	(1,521)	(1,786)	(2,550)	(3,103)
<b>OPERATING CASH FLOW (a)</b>	<b>1,961</b>	<b>2,198</b>	<b>1,244</b>	<b>3,753</b>	<b>6,136</b>	<b>6,556</b>	<b>8,256</b>	<b>9,123</b>	<b>11,177</b>
Capex	(1,127)	(7,122)	(6,900)	(7,585)	(6,286)	(4,125)	(5,250)	(2,063)	(2,063)
<i>Free cash flow (FCF)</i>	834	(4,924)	(5,656)	(3,832)	(149)	2,431	3,006	7,060	9,114
Investments	1,144	17	24	51	18	(57)	(62)	(69)	(76)
Others	1,190	45	(1,493)	113	924	(392)	(477)	(584)	(717)
<b>INVESTING CASH FLOW (b)</b>	<b>1,208</b>	<b>(7,060)</b>	<b>(8,370)</b>	<b>(7,422)</b>	<b>(5,343)</b>	<b>(4,573)</b>	<b>(5,790)</b>	<b>(2,715)</b>	<b>(2,855)</b>
Debt Issuance/(Repaid)	11	1,020	7,442	4,913	1,008	(1,392)	(2,000)	-	(500)
Interest Expenses	(18)	(19)	(275)	(746)	(779)	(1,234)	(721)	(661)	(646)
<i>FCFE</i>	827	(3,924)	1,510	335	79	(195)	285	6,399	7,968
Dividend	(563)	(563)	(614)	(677)	(722)	(1,331)	(1,796)	(2,051)	(2,496)
Others	2	(55)	(36)	106	(170)	7,497	-	-	-
<b>FINANCING CASH FLOW (c)</b>	<b>(568)</b>	<b>382</b>	<b>6,516</b>	<b>3,596</b>	<b>(663)</b>	<b>3,544</b>	<b>(4,516)</b>	<b>(2,712)</b>	<b>(3,642)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>2,601</b>	<b>(4,480)</b>	<b>(610)</b>	<b>(73)</b>	<b>130</b>	<b>5,526</b>	<b>(2,050)</b>	<b>3,696</b>	<b>4,680</b>
<b>Closing Cash &amp; Equivalents</b>	<b>5,439</b>	<b>958</b>	<b>348</b>	<b>275</b>	<b>405</b>	<b>5,931</b>	<b>3,881</b>	<b>7,577</b>	<b>12,257</b>

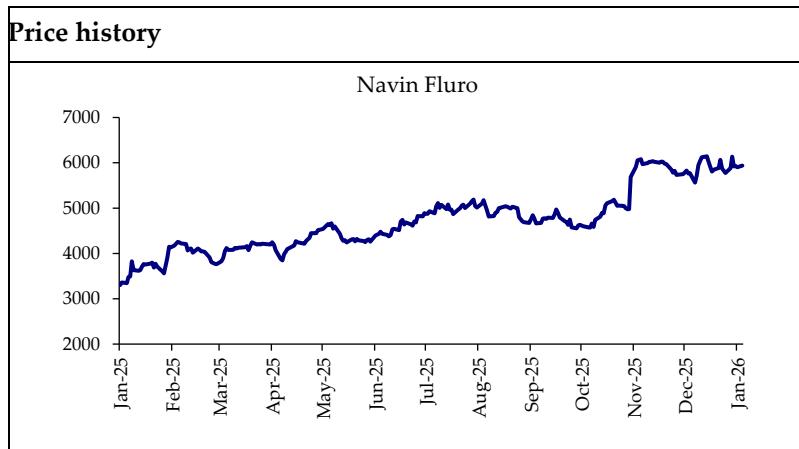
Source: Company, HSIE Research

## KEY RATIOS

KEY RATIOS	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
<b>PROFITABILITY %</b>									
Gross Margin	54.4	54.2	56.9	54.7	55.8	57.2	56.7	54.3	53.1
EBITDA Margin	26.2	24.4	26.5	19.3	22.7	29.9	29.4	29.3	29.8
EBIT Margin	22.5	21.1	23.5	14.6	17.5	24.9	24.8	25.1	26.0
APAT Margin	18.8	17.9	17.8	13.1	12.3	17.7	20.1	19.6	20.7
RoE	14.6	15.0	18.4	11.8	11.5	16.6	17.76	17.75	18.82
Core RoCE	18.6	24.4	19.7	10.9	10.8	16.0	16.6	17.2	19.6
RoCE	14.2	14.2	15.3	9.5	8.7	13.4	14.5	15.0	16.2
<b>EFFICIENCY</b>									
Tax rate %	31.0	23.6	24.3	19.4	24.1	22.2	19.9	23.7	23.7
Fixed Asset Turnover (x)	3.0	3.6	2.2	1.3	1.1	1.0	1.1	1.2	1.3
Inventory (days)	56	65	82	66	50	50	50	50	50
Debtor (days)	88	90	99	91	90	90	90	90	90
Other Current Assets (days)	32	51	50	27	27	22	19	17	15
Payables (days)	33	37	43	53	51	51	51	51	51
Other Current Liab & Provs (days)	26	58	32	42	52	43	38	33	32
Cash Conversion Cycle (days)	116	110	157	88	64	68	71	73	74
Net Debt/EBITDA (x)	0.0	0.3	1.5	3.4	2.7	1.5	1.0	0.9	0.7
Net D/E (x)	(0.4)	(0.1)	0.4	0.3	0.4	0.1	0.1	(0.0)	(0.1)
Interest Coverage (x)	187.2	182.2	19.0	4.8	5.9	6.5	13.4	17.3	21.3
<b>PER SHARE DATA (INR /sh)</b>									
EPS	43.3	50.9	72.3	52.9	56.4	104.0	140.3	160.3	195.0
CEPS	51.9	60.3	84.5	71.7	80.1	133.0	172.7	194.8	231.2
DPS	11.0	11.0	12.0	13.2	14.1	26.0	35.1	40.1	48.8
BV	319.2	360.3	426.8	465.5	513.0	737.6	842.8	963.0	1,109.3
<b>VALUATION</b>									
P/E (x)	132.8	112.9	79.5	108.8	102.0	55.3	41.0	35.9	29.5
P/Cash EPS (x)	110.8	95.4	68.0	80.3	71.8	43.3	33.3	29.5	24.9
P/BV (x)	18.0	16.0	13.5	12.4	11.2	7.8	6.8	6.0	5.2
EV/EBITDA (x)	93.2	82.7	54.9	76.0	56.9	33.1	28.2	23.9	20.0
EV/Revenue (x)	24.4	20.2	14.5	14.7	12.9	9.9	8.3	7.0	6.0
OCF/EV (%)	0.7	0.7	0.4	1.2	2.0	2.2	2.8	3.1	3.9
FCFF/EV (%)	0.3	(1.7)	(1.9)	(1.3)	(0.0)	0.8	1.0	2.4	3.2
FCFE/M CAP (%)	0.3	(1.3)	0.5	0.1	0.0	(0.1)	0.1	2.2	2.7
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2	0.5	0.6	0.7	0.8

Source: Company, HSIE Research

## Navin Flourine: Deep Dive



### Rating Criteria

BUY: >+15% return potential  
ADD: +5% to +15% return potential  
REDUCE: -10% to +5% return potential  
SELL: >10% Downside return potential

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