AXIS SECURITIES

Axis PUNCH

02nd September, 2025

Navin Fluorine International Ltd

Specialty Chemicals

BUY

Target Price **5,140**

About the Company

Navin Fluorine International Ltd. (NFIL), established in 1967, is one of India's largest manufacturers of speciality fluorochemicals. Part of the Padmanabh Mafatlal Group, the company operates one of India's largest integrated fluorochemical complexes, positioning itself as a preferred partner for a diverse range of fluorochemicals globally. NFIL's portfolio includes synthetic cryolite, fluorocarbon gases, hydrofluoric acid, and other fluorine-based chemicals. It also offers contract research and manufacturing services. With manufacturing capabilities for both anhydrous and diluted hydrofluoric acid in India, NFIL caters to industries such as stainless steel, glass, oil & gas, abrasives, electronics, and life & crop sciences.

Investment Rationale

- **HPP – Strong Growth Momentum:** The HPP segment delivered a robust 45% YoY revenue growth during Q1FY26, underpinned by higher volumes and improved pricing. The expanded R32 capacity is now operating at optimum utilisation, and NFIL may consider adding further capacity, enhancing its ability to cater to rising global demand. Management highlighted a stable pricing environment for refrigerant gases and is evaluating strategic international collaborations to further strengthen its market position.
- **Strong Order Visibility in Speciality Chemicals:** The Speciality Chemicals division posted a 35% YoY revenue increase in Q1, with both Dahej and Surat plants operating at optimal utilisation levels. A healthy order pipeline provides strong revenue visibility in FY26, with supplies for three new molecules scheduled to commence in Q2FY26. Furthermore, the fluoro-speciality hydrogen project launched in Dec'24 is expected to deliver a meaningful contribution this year.
- **CDMO Demonstrates Sustained Growth Traction:** In Q1FY26, the CDMO segment reported 23% YoY revenue growth, supported by a strong order book. The Rs 288 Cr cGMP4 capacity expansion remains on track, with Phase 1 expected to be commissioned by Q3FY26. The European CDMO operations are also gaining momentum, supported by regulatory approvals for a new molecule in both the US and EU markets.

Valuation / Analyst recommendation

- NFIL is looking to expand its capacity while simultaneously striving to optimise utilisation levels, boost productivity, and improve operational efficiency across all segments. A healthy order book provides strong revenue visibility in the near to medium term. With ongoing capacity additions, upcoming molecule launches, and expected collaborations in the CDMO segment, the company is well-positioned for robust growth in FY26 and FY27. We believe the stock is attractively valued post the recent price correction and recommend a **BUY rating on the stock with a TP of Rs 5,140/share, implying an upside of 10% from the CMP.**

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
FY24	2,065	398	271	55	86	11%	8%	62
FY25	2,349	534	289	58	80	11%	11%	46
FY26E	3,284	903	555	108	43	14%	16%	27
FY27E	4,127	1,193	839	164	29	18%	19%	21

Source: Axis Securities; CMP as on 1st September, 2025

Duration: 3-6 Months

CMP (Rs)	4,674
Target Price (Rs)	5,140
Upside (%)	10%

Why Navin Fluorine International Ltd

- ✓ **Capex Plans to Support Future Growth Trajectory**
- ✓ **Sharp Focus on R&D**
- ✓ **Well-nurtured Long-term Relationship with Customers**

Key risks

- ✓ **Price Fluctuation in Key Raw Materials and Key Products**
- ✓ **Delay in Capex and Commercialisation of Plants**
- ✓ **Global Uncertainties Affecting Demand from Upstream Players**

MARKET DATA

No. of Shares	5.12 Cr
Market Cap	23,988 Cr
52-week High / Low	5,444/3,160
BSE Code	532504
NSE Code	NAVINFLUOR

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About Axis PUNCH

| OBJECTIVE

Axis Punch is designed to generate solid returns in the short to medium term based on High Conviction Stock Ideas for both investors and traders. This fundamental medium-term product targets a return of 10% plus with an investment horizon of 3 to 6 months. Recommendations under Axis Punch are driven by various business and economic events, company valuations, market direction, or a mix of these factors.

| Axis PUNCH is a strong, research-based idea based on

Events-Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyse changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimise returns over 3 to 6 months.

| Why to choose Axis PUNCH

These medium-term recommendations are crafted by the fundamental research team of Axis Securities, ensuring a rigorous analysis of developments around the company. Please note that Axis Punch recommendations may differ from our long-term company recommendations. Key investment rationale and risks are clearly highlighted in stock ideas.

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