NAVIN FLUORINE INTERNATIONAL LIMITED

FIN2RESEARCH Investment Advisor Pvt. Ltd.

Date : 16/01/25

Techno Funda : NAVIN FLUORINE INTERNATIONAL LIMITED

Buy Range : @ 3700-3800 Target : 1st @ 3960, 2nd @4160

Stock Info	
Mkt Cap (cr)	18,284.20
52-Weeks High/Low	₹4017.10/2875.95
Traded Volume	214,000
No. of eq shares (cr)	5.00
Face Values	2.00
Bse Code	532504
Nse Code	NAVINFLUOR
Free Float (cr)	12,855.44

Source : NSE/BSE

Particulars	2023	2024
P/E	56.54	57.11
P/B	9.86	6.47
EV/EBITDA	37.46	32.2
Quick Ratio	1.76	1.38
Current Ratio	2.66	1.81
ROCE	20.90%	12.57%
ROIC	14.92%	7.46%
ROA	12.69%	6.84%
ROE	18.62%	11.84%
DSO	81.22	95.70
DPO	75.41	100.12
DIO	140.30	154.00
Interest Coverage	17.75	4.07

Source : Company, Fin2Research

Particulars	2023	2024
Revenue	20,774	20,650
EBITDA	5,503	3,983
EBIT	4,877	3,021
PAT	3,752	2,705
EPS	75.4	54.5

Source : Company, Fin2Research

Particulars	% of Total Shares
Promoters	28.44%
Mutual Funds/AIF	15.82%
Bank	0.01%
Other DIIs	12.35%
FII	18.23%
Retails and Others	25.15%
Total	100.00%

Source : BSE

NFIL: Navin Fluorine International Ltd (NFIL), part of the Padmanabh Mafatlal Group, is a leading Indian manufacturer of specialty fluorochemicals, established in 1967. With integrated manufacturing complexes in Surat, Dahej, and Dewas, and an R&D center in Surat, NFIL produces over 60 fluorinated products, including anhydrous hydrofluoric acid, R-22, and boron trifluoride. Its business units span refrigeration gases, inorganic and specialty fluorides, and contract development and manufacturing. The company excels in fluorination chemistry, offering services from research to pilot scale-up, and exports over 40% of its products globally to regions like North America, Europe, and Asia Pacific.

Key Highlights:

- In Q2 FY '25, the company reported revenues of ₹519 crores, reflecting a 10% year-on-year growth. Operating EBITDA stood at ₹107 crores, marking a 9% increase compared to the same quarter last year. The operating EBITDA margin was 20.7%, slightly down from 20.8% in Q2 FY '24 but showing improvement from 19.2% in Q1 FY '25. Profit after tax for the quarter was ₹58.8 crores, a slight decline from ₹60.6 crores in Q2 FY '24 but an increase from ₹51.2 crores in Q1 FY '25.

- The company has outlined a total capital expenditure (capex) of approximately Rs. 2200 crore, with key projects underway. This includes a Rs. 450 crore investment to set up a new 40,000 TPA hydrofluoric acid (HF) capacity at Dahej (NFASL), expected to be operational by FY25. Additionally, a Rs. 288 crore cGMP4 capex, with Phase 1 costing Rs. 160 crore, aims to support a MSA with a European API customer, with commissioning anticipated by FY26. Furthermore, a Rs. 84 crore capex for a 4,500 MT capacity expansion in R32 is expected by FY25. Around Rs. 1450 crore of the total capex will be funded through bank financing.

- The High-Performance Products (HPP) segment achieved a 23% growth in Q2 FY '25, with revenue rising from ₹238 crores in Q2 FY '24 to ₹293 crores. This growth was driven by higher sales of R32 and improved realizations for R22. Additionally, the R32 capacity expansion, with a capex of ₹84 crores, is progressing as planned and is set for completion by February 2025.

- The Contract Development and Manufacturing Organization (CDMO) segment saw a 41% revenue growth, rising from ₹48 crores in Q2 FY '24 to ₹68 crores in Q2 FY '25. The segment benefits from strong order visibility, with firm orders secured for the second half of FY '25. The strategic focus on late-stage and commercial molecules is yielding positive results, and progress is being made with major clients in the EU and U.S., with scale-up orders anticipated in Q3 FY '25. Additionally, the cGMP4 project is advancing well, with Phase 1, involving a capex of ₹160 crores, expected to be commissioned by the end of Q3 FY '26.

- The management continues to prioritize operational excellence, innovation, productivity, and efficiency as key strategic initiatives. The company's commitment to sustainability is demonstrated by the release of the second edition of its sustainability report. Additionally, the company remains focused on maintaining financial discipline, with a net debt to equity ratio of 0.39x, which is below the guided range of 0.5x.

Key Risk :

- The company faces risks in its Specialty Chemicals segment due to cautious demand and increased competition, which could impact growth and profitability.
- CDMO business's focus on late-stage molecules may lead to an extended ramp-up timeline, creating uncertainty in the short term.

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RSI: An RSI of 64.85 indicates that the stock is currently experiencing positive momentum and is trending upward. It suggests a moderately bullish sentiment among traders, as the value is above the midpoint of 50. However, since the RSI is nearing 70, which signals overbought conditions, it may imply that the stock is becoming relatively expensive in the short term. Investors should remain cautious as there could be potential for a price consolidation or minor pullback.

Support: There is apparent support around ₹3130. If the price falls below this level, it could signal a break in the uptrend.

Bollinger Bands: The Bollinger Bands are widening, which suggests increasing volatility. This could be a sign of an upcoming breakout or breakdown.

DISCLAIMER:

Guidelines on Report:

- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact via mail or other mode of communications.
- Once target1 achieved, use trailing stop loss of recommended average price.

Portfolio Allocation:

- It is not recommended to allocate entire corups to a single stock or product without first understanding the risk and retur n associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various techo-funda research reports and other reports as stated.

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