NAVIN FLUORINE International Limited

PADMANABH MAFATLAL GROUP

August 11, 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400001
Scrip Code: 532504

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (East),
Mumbai 400051
Symbol: NAVINFLUOR

Dear Sir / Madam,

Sub.: Transcript of Earnings Call held for the quarter ended June 30, 2026

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Company's Earnings Call held on August 05, 2026 regarding discussion on operational and financial performance for the quarter ended June 30, 2026 (Q1 of FY 2026-27) is enclosed herewith.

This intimation is also being made available on the Company's website at www.nfil.in.

Request you to take this intimation on record.

Thanking You,

Yours faithfully,
For **NAVIN FLUORINE INTERNATIONAL LIMITED**

Niraj Mankad Digitally signed by Niraj Mankad Date: 2026.08.11 15:37:34 +05'30'

Niraj B. Mankad
President Legal and Company Secretary

Encl.: a/a

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"Navin Fluorine International Limited

Q1 FY27 Earnings Conference Call"

August 05, 2026

MANAGEMENT:	**MR. VISHAD MAFATLAL – CHAIRMAN – NAVIN FLUORINE INTERNATIONAL LIMITED** **MR. NITIN KULKARNI – MANAGING DIRECTOR – NAVIN FLUORINE INTERNATIONAL LIMITED** **MR. ANISH GANATRA – CHIEF FINANCIAL OFFICER – NAVIN FLUORINE INTERNATIONAL LIMITED**
MODERATOR:	**MS. PAYAL DAVE – MUFG INTIME** **MS. POOJA SWAMI – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the Navin Fluorine International Limited Conference Call hosted by MUFG. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the conference to Ms. Pooja Swami from MUFG. Thank you, and over to you, ma'am.

Pooja Swami: Thank you, Pari. Good evening, everyone, and welcome to the Q1 FY '27 Earnings Conference Call of Navin Fluorine International Limited. Today on the call, we have with us Mr. Vishad Mafatlal, Chairman; Mr. Nitin Kulkarni, Managing Director; and Mr. Anish Ganatra, Chief Financial Officer.

This call will contain forward-looking statements about the company, which are completely based on beliefs, opinions and expectations as of today. Actual results may differ materially. These statements are not the guarantee of our future performance and involve risks and uncertainties that are difficult to predict. A detailed safe harbor statement is given on Page 2 of the investor presentation of the company, which is uploaded on stock exchanges and on the company's website.

With this, I hand over the call to Mr. Vishad Mafatlal for his opening remarks. Thank you, and over to you, sir.

Vishad Mafatlal: Thank you. Good evening, everyone, and welcome to Navin Fluorine's Q1 FY '27 Earnings Call. I am joined today by our MD, Mr. Nitin Kulkarni, our CFO, Mr. Anish Ganatra; and Ms. Payal Dave, our Investor Relations Advisor.

I am pleased to share that we continue to execute our strategy with discipline while responding to the evolving business environment. Our performance reflects the strength of our differentiated business model, the resilience of our customer relationships and our continued focus on disciplined execution. Equally important is the safety, health and well-being of our employees, which remains a core priority, and we remain committed to maintaining high standards across all our operations as we pursue sustainable growth.

As part of our long-term strategy, we are building a strong pipeline of advanced materials that can evolve into a high-growth, high-margin business vertical. Our focus is on applications catering to sectors such as data centers, electronics, semiconductors and defense. Leveraging our core fluorination chemistry expertise and strong R&D capabilities, we are developing differentiated solutions for global companies in these sectors.

We have made significant progress in building our advanced materials business. Key achievements include the Chemours liquid cooling project, adoption facility of advanced materials and a technology development partnership with DRDO. These milestones reflect our steady move towards commercialization. We remain positive about the long-term growth potential of this business and are continuing to invest in the skills, technology and manufacturing infrastructure needed for future growth. These initiatives are expected to generate meaningful contributions over the medium to long term as customer adoption increases.

Now let me brief you on these developments in detail. The adoption capacity. The Board has approved a new capex of INR90 crores funded through internal accruals towards setting up adoption capacities for our advanced materials business. This capex will cater to the pipeline of indigenous products for emerging sectors mentioned earlier.

DRDO. We are proud to partner with DRDO, Ministry of Defense, Government of India on a critical TDF project to develop an indigenous specialty material. By transitioning of this highly critical imported chemical into a localized asset, we are directly contributing to nation's strategic autonomy. This milestone underscores Navin's unwavering commitment to India's economic growth, technological capability and the mission for Atmanirbhar Bharat. Together with DRDO, we look forward to engineering a more self-reliant tomorrow.

Chemours project. Chemours project, which also form a part of this vertical is targeted for completion by end of Q2 FY '27. In addition to the capex in the advanced materials, we have initiated in our CDMO business, Phase 2 cGMP4 capex of INR125 crores funded through internal accruals, expected to operationalize by Q4 FY '27.

Phase 2 of our capacity expansion is supported by growing demand from our European CDMO partner and an expanded footprint in their supply chain. This capex was a part of the cGMP4 capex of INR288 crores approved by the Board in Feb of '24. Phase 1 of this capex was operationalized in Q3 FY '26.

Let me now brief you on the ongoing capex across our existing business verticals. The HFC capacity expansion, the additional HFC capacity equivalent to up to 15,000 metric tons of R32 remains on track for commissioning in Q3 FY '27. MPP capacity expansion, debottlenecking activities at our Dahej MPP facilities are progressing well and are expected to be completed by Q3 FY '27.

A renewable energy project, an investment of INR15.73 crores in a group captive hybrid renewable project for 14.9 megawatts of renewable power supports our sustainability and decarbonization goals. Once operational, this project is expected to meet more than 60% of our energy requirements through renewable sources.

Looking ahead, we are entering the next phase of growth with a strong pipeline of opportunities, multiple capacity expansion projects under execution, robust customer engagements and a healthy balance sheet. While global macroeconomic conditions continue to remain dynamic, our focus remains unchanged, investing in technology, strengthening customer partnerships, maintaining capital discipline and creating sustainable long-term value for all stakeholders.

I would like to thank our customers, employees, stakeholders and partners for their continued trust and support. Their confidence and commitment remains the foundation of Navin Fluorine's success.

Thank you once again for joining us today. And I would now like to hand over to Nitin to provide an update of our operating and business performance.

Nitin Kulkarni: Thank you, Vishad bhai. Good evening, everyone, and thank you for attending the call today. I'm excited with the progress in the advanced materials business and the capex announced today that will unlock the growth potential of the business. Further, we are privileged to partner with DRDO in their drive for Aatmanirbhar Bharat. Likewise, within the CDMO business, capex initiated today for Phase 2 signals a deepening of relationship with our European CDMO partner.

The quarter reflects a robust performance with all three of our business verticals delivering strong performance. The revenue of the quarter grew 44% Y-o-Y to INR1,044 crores and EBITDA stood at INR357 crores, up 73% year-on-year and PAT at INR243 crores, registering a growth of 108% year-on-year. These results reflect the strength of our portfolio, the continued trust of our customers and disciplined execution across the organization.

Talking about the business verticals, the HPP business continued to deliver a strong performance during the quarter with revenue of INR540 crores, registering a 33% growth year-on-year, driven by healthy volume growth and improved realizations. The pricing environment of HFCs remain constructive, supported by favorable demand supply dynamics.

Our specialty chemicals business has reported a revenue of INR325 crores, registering a growth of 48% year-on-year. This business vertical continues to witness sustained momentum, supported by good order visibility across both existing and new molecules. The product pipeline remains robust with meaningful scale-up opportunities across existing molecules and strong lineup of new product introductions.

Moving on to our CDMO business. The business continues to demonstrate strong momentum with improved visibility. Revenue for quarter 1 FY '27 stood at INR180 crores, growing 82% year-on-year with strong outlook for the year. Our CDMO strategy remains firmly focused on maintaining a balanced portfolio comprising of healthy mix of commercial, late-stage and early-stage programs. We continue to increase our participation across several promising therapeutic areas, including oncology, respiratory, cardiovascular, neurology and animal health, partnering with leading global innovators.

Overall, we remain optimistic about the growth prospects across all the business. Our strategy of disciplined investment, deepening and broadening customer relationships and expanding differentiated capabilities continues to create a strong platform for sustainable growth.

Now I would like to hand over the call to our CFO for giving you details on Q1 financials.

Anish Ganatra: Thank you, Nitin. Good evening all, and I welcome you all once again on the earnings call. Moving on to the financial performance of the company in Q1 FY '27.

On a consolidated level, we reported a revenue of INR1,045 crores for the quarter, reflecting a strong year-on-year growth of 44%. Operating EBITDA for Q1 FY '27 was INR357 crores with a growth of 73% compared to the same quarter last year. The operating EBITDA margin stood at a solid 34.2%, a growth of 566 basis points versus Q1 of last year. Operating PBT for the quarter was INR283 crores, reporting an increase of 101%. Profit after tax stood at INR243 crores, registering a growth of 108%.

Operating cash flows for Q1 stood at INR173 crores, and Navin also became net debt free during the quarter. Our net working capital days stood at 81 days of sales, which is again within the financial frame.

With that, I would like to request the moderator to open the call for questions and answers.

Moderator: Thank you very much. We'll now begin the question-and-answer session. The first question is from the line of Ankur from Axis Capital. Please proceed.

Ankur: Congratulations on a strong set of numbers. My first question is on the capex program and especially on the advanced materials side, the expansion there. If you can one highlight some details -- some more details on in terms of advanced materials, where and which all end use applications, et cetera, are we looking to expand our capabilities?

And secondly, from a growth perspective across spec chem and other segments, HPP including advanced materials, how are we looking at growth from FY '29 onwards, given that the current capex will be suffice to drive growth till '28, but beyond that, if any thoughts over there?

Anish Ganatra: All right. Thanks, Ankur. So again, we've always talked about advanced materials and said that we are incubating this vertical with a strategic intent to make it a material business unit by the end of the decade. And we've given a color to it in the past saying that it should look like the CDMO business of today. The capex announced today actually starts to unlock that position.

And together with the other components of capex, as we had earlier announced the Chemours project, which will also be part of advanced materials as it sort of grows. The DRDO announcement will also be part of the advanced materials vertical. And not yet announced, but you know that we are talking of electronic grade HF, et cetera, which will also come into advanced materials as and when it sort of comes through.

The idea here, Ankur, is that this vertical will focus on niche sort of applications in high-growth sectors, mainly data centers, electronics, defense and semiconductors and will more specifically cater to applications that support the chip fabrication process, chip cooling process, manufacturing of display, OLEDs, data centers. We've also talked about fire suppressants, which have applications in data center as well as beyond, high-voltage electrical applications as well and new energy sort of wind applications, which will again focus on high purity HF, et cetera. That will come in, in due course.

The sort of other area to look at is the advanced intermediates for fluoroelastomers and advanced intermediates that go into sealants, sealants and films and coatings, et cetera. These are all sort of specialized products that will impact sort of -- that require engineering at a very high level, both from a molecule perspective and from the chemical perspective, but they're intended to give specialized properties in their end applications. That is the intent.

I'll take a pause here if you have any questions on that before I go on answering the other.

Ankur: Anish, that's interesting. And just one clarification. Our earlier growth across spec chem and CDMO has been more in collaboration or in partnership with the global innovators. Will it be fair to say that the growth outlook over here will also be on the similar lines?

Anish Ganatra: So this will be a combination of product and service play. I mean the Chemours project is a service play, as you know. The adoption capacities that we are putting on largely built on our fluorination capabilities that we have along with the infra capabilities that we have set up over the last two years in the R&D side, particularly. And there, the intent is to progress it more as a product play. Of course, there will be service components to that, too. So a combination of the two, but it will play out as we sort of go through it.

Ankur: Sure. That's helpful. And if you can highlight on the medium-term capex.

Anish Ganatra: Yes. So like you rightly said, the growth perspective, with the capex we have already got ongoing growth to FY '28 is largely baked in. These capexes we are putting through now, both the cGMP Phase 1, the adoption capacities and possibly Chemours as well as the adoption (capex), increases will start to figure out on the growth beyond FY '28 sort of thing. That is the idea. The capexes are also being put in a very thoughtful manner.

So the adoption capacities we are putting out in two phases with the idea that the first phase of the capex will be complete more towards kind of the middle of last quarter of this financial year. And therefrom, that should allow us to start doing qualification of commercial sale quantities with customers, which then should open up the funnel for further capex and accelerate the growth. That is the idea.

On HPP, specialty, et cetera, I mean, on HPP, if you look at it, the HFC capacity has already been put in. You know that, that's going to come up. That will fuel the growth over the next sort of two years. Beyond that, we're talking of electronic grade. Of course, advanced materials, when I talk of it being incubated, it will figure into the existing vertical until we carve it out as a separate vertical, right? So all these three verticals have got solid sort of tailwinds around it in terms of -- and the activity sets we are putting behind it. HPP will continue to grow from that perspective.

Specialty business, we've been very thoughtful about how to navigate that space given what we all know on the agchem side. While volume growth is recovering, pricing pressure continues to remain, particularly in the LatAm market, which is already well supplied, right? So that we all know, but our strategy around increasing our footprint into the innovators pipeline as well as broadening the customer base is working well.

Like we said last year, we did about 13 to 14 new molecules. And this year, we have strong visibility to campaign orders at least of four to five molecules in the agchem space, which gives us very good confidence of the growth this year and then going into next year as well. CDMO, we've already talked about it, right?

Moderator: The next question is from the line of Madhav from MLP.

Madhav: Sir, just my question on R32. I wanted to just understand that if I look at the presentation, we've indicated about 15,000 tons of volume and peak revenue of INR600 crores to INR825 crores. That roughly implies like pricing of, I think, $5, $6 per kg. Should we take that sort of like -- I think you've indicated some incremental volume coming from more contractual based offtake. Is that how we should read like the pricing environment for contracted R32 as we go into next year and the year after?

Anish Ganatra: No, Madhav. I just kind of -- the R32 number that you see in the slide is actually a number that we gave out when we approved the capex. So we are holding to the same asset turn that we had reflected at that point in time. But I do think that it's important when we look at R32 that we do not look at it like a deer who's gazing through the R32 headlight, and not seeing anything else.

The important part here is to understand that 32, the long-term demand environment remains constructive. We all know that over a decade, the demand for 32 is going to double, while the supply -- quota-driven supply is going to sort of shrink to half. So there is nothing to kind of concern around the 32 long-term demand.

Now in the near term, one has to look at beyond pricing because pricing is neither in your hands nor my hands. What we actually do is we tend to remain as the most competitive cost manufacturer of 32. Our integrated HF value chain, the effort that we are doing on productivity improvements, along with the example of that being the hybrid power, et cetera, which will start to give in close to about 60% of our power coming from renewable sources and will also result into savings on power will ensure that our 32 remains very competitive on the pricing side.

The third thing to remember is that I currently have a 9,000 to 10,000 tons of capacity, and I'm adding in 15,000 tons of capacity. So, for Navin, the operating leverage on 32 is going to be fantastic. And that will play out in our favor and support the EBITDA growth and the margin growth, frankly, in any pricing environment.

Madhav: No, that point is very well taken. I understand the opening that part as well. But I just wanted to understand if you think from -- and I guess this is probably well debated already that in terms of the capacities coming in India for R32 from yourself, some of the incumbents and some new players, how do we think about that from a calendar year 2027 perspective, which is a three-year, like quota probably kicks in from Jan '28 is what my understanding is, please correct me if I'm wrong. So if you think about for next year...

Anish Ganatra: No. So, I think, again, when you're looking at India capacities, why you're only looking at '27, you should look at the next five-year view, right? We all know that in the next five-years, all the Indian players will not -- India is going to be oversupplied for five years, right? We are going to be servicing the export in the global market. So 32 is not going to be seen as only an India demand-supply situation. One has to look at it from a global context point of view.

And in that context, it's one of the comments we've always made is the end -- our customers today are increasingly interested in contractually committing for 32 over the next five years. And we've been in conversations with -- in advanced conversations with a couple of them. And our idea is, as we've said before, to look at about 35% to 45% of the total capacities will be contracted for the five-year period. This is not a necessary thing, but this is something that we are working towards.

As you get into beyond '27, you will see the gains coming in as China goes through a cut, et cetera, et cetera. There's a lot that will evolve over the next five years. For one particular year, like I said, the fact that I am the lowest cost of manufacturing on 32, I will always have a competitive play and my leverage will always protect my EBITDA earnings at the group level because, again, Navin on an overall basis is also well diversified. So I don't want to labor the point too much on 32, but I don't think it's just a 32 story, and that's what I meant when I started the conversation.

Moderator: The next question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I got a couple of questions. First, on the CDMO business, this new capacity, again, will be entirely dedicated for the existing contract. And when you say we want to participate more in the supply chain, what does it really mean?

Anish Ganatra: Yes. So, Sanjesh, you're right, the new capacity will be dedicated to the European CDMO partner, and it's a reflection of the increasing demand on the molecule itself. We are also getting into an MSA for an extra molecule in the same supply chain. So this takes us to an API minus 1 effectively.

Sanjesh Jain: That means you will be equivalent to your competition in India in terms of supply chain for the CDMO.

Anish Ganatra: I think it will only get -- if you look at what I'm talking of the asset turn, you'll get enough indications from that. I mean on the INR288 crores, we've talked of an asset turn of 3x, and I think we've said that by FY '29, if I remember correctly. So -- sorry, not even '29, maybe sooner. So that's there. So, I mean, whatever you want to read out of that, frankly. I don't think this is a case of being equal. We will be at similar par levels, whether one is higher up, it doesn't matter. Ultimately, we are part of that.

Sanjesh Jain: No, no. I'm asking from the supply chain participation perspective, we will be supplying the similar level of product or we will be moving up higher in the value chain than the competition?

Anish Ganatra: I actually don't know that answer. I mean, I honestly don't know if our competition has got a similar offer going on, to be honest.

Sanjesh Jain: One more on CDMO. We were looking at a couple of readouts. I think one didn't come quite well. But remaining, how are we placed for the new lateral entry for FY '27 and '28?

Anish Ganatra: Yes. I mean the one not coming well is all part of the game, which is why we...

Sanjesh Jain: I agree. I agree. I agree.

Anish Ganatra: Which is why we...

Sanjesh Jain: And how many are we looking at?

Anish Ganatra: Yes, which is why we've always maintained the portfolio. As I'm talking now with you, we have got three more molecules that are expected to go to an FDA readout over the next 8 to 12 months. So there is enough in the pipeline to not worry about an outlier.

Sanjesh Jain: Got it. On the margin side, if I look at consol minus stand-alone Anish bhai, which used to be very strong. This quarter, it appears to be slightly weakish. The EBITDA margin, which used to be in the range of 40%, 45%, I think that's calculated because you have some elimination. But the EBITDA percentage on a similar parameter has come down to 32%. So there is a sequential drop of 12 percentage points in the margin. Any particular thing to call out there because it is all coming up from gross profit margin contraction?

Anish Ganatra: No. So, two things. I think when you are taking out stand-alone from consol, you're implying the subsidiary, NFASL, right?

Sanjesh Jain: Correct, correct.

Anish Ganatra: Yes. So there are two things. One, you know how this business is driven through campaigns. So every quarter may have different campaigns going through, which may have different margin profiles. So there is that, that is playing out. The other important thing to remember is that we have commissioned the AHF capacity in the subsidiary.

And as AHF capacity commissions, the transfer of material from Dahej into Surat or NFIL is where the value is occurring, right? Because you are transferring HF on an arm's length basis as opposed to transferring a value-added product. So as we get into more HF you would see that overall, the margin will remain at a group level quite solid. The individual movements in the subsidiary will happen. That's not to worry about it.

We are also looking at further expansion capacities of downstream products at some point that will come into NFASL, which will again then make it margin accretive. So there's a combination of two things that's happening over there.

Moderator: The next question is from the line of Rohit Nagraj from 360 ONE Capital.

Rohit Nagraj: Congrats on a strong set of numbers. Sir, first question is the INR90 crores capex on the advanced materials, given that it will be completed by Q2 FY '28, what is the kind of gestation period in terms of qualifications? And based on which, what could be the time line where we can go ahead with material -- significant capex to go from these maybe pilot scale capacities to commercial scale capacity?

Anish Ganatra: So, Rohit, as I mentioned, we've been very thoughtful of how we progress the advanced materials capex. The pipeline of products that we have, we have at least about four to five products that have already been qualified by the customer. And this adoption capacity will take it to commercial scale qualification, which is why we are doing the capex in phases to prioritize the commercialization of those five at a faster pace than the others in the pipeline.

While those five are being commercialized, you will also see that the pipeline has progressed to bringing the next set of four to five products into the adoption capacity. So this will act like a wheel one has to think about it like that. You will have new products coming into this wheel. As the products go through commercial scale, they will come out, whether they go into a MPP or a dedicated capex, that's a conversation for the future as the commercial scale gets qualified, etcetera.

But we are in a good stead because customer relationships have already been established. The basket is pretty wide. I'm talking of close to about at least a dozen of products that I'm referring to, five of which are at a sort of early lab scale approved already, and those will then sort of move into commercial scale. This is also sort of across geographies.

So, very steadfast, like we've always said that we don't want to be in the me-too business. This is all going to be niche chemistries. And to be honest, we would probably be one of the most credible supply chain partners over here if somebody is looking to derisk their supply chain.

Rohit Nagraj: Perfect. Got that. Second question is Chemours in their presentation have indicated that during this quarter gone by, they have recorded something like $1 million of sales from the 2-phase cooling liquid. would we be the largest supplier for the same...

Anish Ganatra: Sorry, I didn't mean to cut you off. finish what you're saying.

Rohit Nagraj: Yes. And does this mean that the scalability would be relatively faster once we commission the project by the end of this quarter?

Anish Ganatra: So we are the only supplier to Chemours. We are today supplying the products that Chemours is actually supplying at the other end. And like we said, this is the only manufacturing site that Chemours has. Regarding scale-up and all, let's wait to see. Like I think that 15-month window that we've always said to watch is still very valid. And as we hear something different, we'll obviously keep you guys updated on that.

Moderator: The next question is from the line of Jason from IDBI Capital.

Jason: So my first question just pertains to the specialty chemical business. Now after a subdued FY '25, we saw very, very strong growth coming in the spec chem business. So just wanted some color on it. I mean, of course, I understand that there is a lot of ramp-up in whatever capex we have commissioned. So that is well understood. But just in the backdrop of agchem recovery still being gradual, my understanding is just that this growth predominantly will be volume led with the ramp-up and pricing probably will play a minimalistic part in this. Is that the right way of looking at it? And just wanted some more color on the growth trajectory ahead for FY '27?

Anish Ganatra: Yes. So, Jason, I think, again, if you look at what we started talking 1.5 years ago when we said that we are navigating this space very differently, right? And today, what you're seeing for Navin, is actually those coming into play. When I'm talking that we are participating into 5 new molecules, it means that our customer relationships have both deepened and broadened in that space. It also means that out of those five, there are three which are patented molecules and do not face the kind of pricing pressure that one would expect.

Of course, does it mean that we are going to go back to the old days of 30% EBITDA that's taken for granted in spec chem. I don't think so. The philosophy here is always going to be to keep driving productivity gains to keep driving efficiencies.

And if you see how we've kind of worked that space, we are not investing today to create large capacities, but we are investing today to extend current capacities like the MPP debottlenecking capacity coming at a 2x asset, which is, in some sense, if you look at even our own history, unheard of in the agchem space, right? So it's how you navigate. I don't -- what you said is generally true, but I think what differentiates us is how we've navigated that landscape.

Jason: Sure, sir. And sir, just another question in terms of our stated AHF capacity, which is 60,000 tons, just wanted to understand, sir, how much is captively consumed and how much is sold externally?

Anish Ganatra: So we don't sort of give out those numbers, but I'm sure you know the R32 capacity, et cetera. You can work out backwards. We've talked before that when we started this capex that we would look to do some interim sales of AHF downstream. And that will continue for some time, obviously, until our own capacities come up. But I would leave it at that, Jason, if you don't mind.

Jason: Sure, sir. And just finally, sir, just one, if I can add. I mean you have spoken about advanced materials. So one thing -- I just wanted to understand that you mentioned INR90 crores of the capex and it coming on stream in Q2 FY '28. Any asset terms or something we are working and a certain time line by which we can reach that for the Advanced Materials section?

Anish Ganatra: So, like I said, this is akin to a wheel of fortune, right? You turn the wheels and you will have new products coming into that wheel and they will throw out into your commercial scale opportunities, which is what will fuel the growth engine. The INR90 crores that we are spending is sufficiently risk managed because what I said was there are five products that have already been lab approved.

So I'm going to go into commercial scale production for those for commercial scale approval of those products, obviously, on the back of orders. So, this project, while it's an adoption project, is also going to self-earn for itself. And in some sense, we will pay back the money faster. Now this vertical is also going to be highly accretive to our EBITDA margins.

So, from that point of view, you can obviously understand the payback is going to be pretty soon. But when Navin is investing into this wheel, we are looking at this as a ceding investment. It's an investment to capture the longer-term growth play and not necessarily an asset turn on INR90 crores, which is why we have consciously not reflected that in any number up.

Moderator: The next question is from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: Congratulations to the team. What stands out to me is not the growth itself, but the consistency with which things discussed over the last several quarters are now showing up in execution and numbers, of course. If I could just ask one question, it would be your European CDMO relationship is clearly deepening. What evidence should investors look for that the CDMO business is also broadening across customers rather than growth being driven primarily by deeper penetration of one relationship?

Anish Ganatra: No, I think it's -- so thank you for recognizing what our sort of walk the talk mindset. But see, a couple of quarters ago, this is -- we were thinking how do we get to scale in CDMO. The deepening of relationship is actually a great opportunity because it gives us a strong baseload on which we can work, and that's exactly what we've done.

Today, if I talk about my molecule pipeline, we are talking about 30 to 40 molecules that I'm actively working on. About 10 molecules are into late stage, of which I'm saying three to four molecules have got an FDA readout in the next 8 to 12 months. So as these readouts come out and we start announcing more capacities for growth, I think that's what you watch for.

Now do we have anything to know crystal ball case and know for sure if all three are going to work out on an FDA approval? We don't. But that's how we manage it on a portfolio level, right, by constantly making sure that our portfolio remains relevant and remains continually refreshed.

Moderator: The next question is from the line of Prasad from Union MF

Prasad: Congrats on a good set of numbers. Sir, in your previous communication, you highlighted that you have MSA, upcoming MSA with the same value chain. So could you please clarify more in terms of which therapeutic area will cater to? Is it same therapeutic area or it will be in the different category?

Anish Ganatra: So, Prasad, the MSA that you're referring to or that I was referring to is actually extending our participation in the same supply chain. And hence, I meant API minus 1. So we are deepening that relationship with the same molecule by participating further deeper into it. Additionally to that, we are also working on an early phase molecule for the same customer, which is an early phase molecule. So there is a broadening of molecules also with the same customer.

Apart from that, of course, like I said, we've got working relationship with all the top majors or top 20 pharma companies. And in fact, some of the four to five -- three to four molecules that I'm talking about are all with different sort of global majors, yes. And the therapeutic areas are also quite broad. So like we said on our slide, we are focused on cardiovascular, respiratory, oncology, animal health and neuro, yes. So those we believe are the high-growth areas, those we believe where our credentials add greater value. And therefore, we are making sure that these projects or any RFQs that are received on this or we have a solid reason to be rejected for.

Prasad: Okay, sir. Sir, and the molecule is in early stage, so how big could be this opportunity in terms of market?

Anish Ganatra: Yes, in early stages, you know if you do a Google on any molecule that's early stage, you will find ranges of peak revenue that will probably lead you to believe its guesswork. So I don't want to get into that. Because to give you a sense, if you look at something that's early stage and you try to figure out what its peak sales revenues are, you will find that the estimates go from $1 billion to $3 billion.

Now what does that mean, right? So I don't think at early stage, you look at that. You look at the therapeutic area and you look at the promise of that therapeutic area in terms of what sort of is happening globally around health and sort of dynamics around health care. And as the molecule progresses, then the novelty of that molecule is a certain better, the patient size it is addressing is a certain better and you get a more realistic sense of the potential.

Moderator: The next question is from the line of Abhijit from Kotak Securities.

Abhijit: Just one question on the CDMO side. So, just to clarify, Anish bhai, you mentioned this INR288 crores capex has a 3x asset turns, is it and that we are expecting by FY '29 itself. Just wanted to clarify that I heard that correctly. And the other thing was just for this year, we had previously spoken about $100 million. So does that still seem on track?

Anish Ganatra: Yes, the $100 million is very much on track. I mean there is -- I mean that's -- we are now talking of exploding that business, yes. So, FY '29, 3x is correct, and it will actually be longer than that, but I've given a near-term view of what that would be.

Abhijit: Okay. So just to clarify, INR900 crores from the cGMP4 itself, Phase 1 plus Phase 2 combined, plus we have from the first three cGMP is over and above that?

Anish Ganatra: Yes, yes, possibly. I mean that's the math, right? So that's absolutely right. INR288 crores into three , figure come to that, I think.

Moderator: The next question is from the line of Archit Joshi from Nuvama.

Archit Joshi: Two quick ones. You've spoken of increasing interest for contractual offtake in HFCs. So if you can elaborate a bit if there's a contract in place or there's an emerging one that we are expecting? And second, the AHF capacity utilization and the contribution for the quarter, if you can help us out with that?

Anish Ganatra: So, increasing interest, we were originally thinking of trying to do 30%. But I think where we are now is we've already entered into a couple of contracts. And we are also having a couple more in recent stage of conclusion. So that is what I meant by increasing interest. Of course, like we've always said we are going to do a balanced approach here. So, beyond the point, we will refuse contracts because we think there has to be some open position here as well over the next five years, yes. So we are going to do a balanced position on this. What was your other question?

Archit Joshi: HF utilization.

Anish Ganatra: HF utilization, I mean, we've said -- I mean, we're not going to talk about specific capacities here. But between Surat and Dahej, 60,000 should be good enough for us over the next sort of four to five years. Of course, barring what we don't see at the moment as I speak. But if we need to, we will go for an expansion also. That's not a problem. In the interim, while we come down with downstream capacities, there will be more sort of downstream value-added focuses for AHF. The advanced materials, like we said, talking about building on the fluorination capability is exactly trying to achieve that, yes.

Moderator: The next question is from the line of Vidrum Mehta from ASK Investment.

Vidrum Mehta: I just wanted to understand on the margin front. If I look at quarter-on-quarter, that is Q4 of FY '26 and Q1 of FY '27, the margins are more or less stable. But in terms of segment-wise mix, HPP plus CDMO, if I add up, it is around 69% as against 62% on a quarter-on-quarter basis. And ref gas, higher pricing in terms of ref gas and higher contribution from CDMO should have generated higher margins, right, on a quarter-on-quarter basis because usually, HPP being supported by higher ref gas and CDMO structurally has a higher margin. And the same is contradict when I look at on a Y-o-Y basis because in Q1 of FY '26, it was 70%, the mix contribution of HPP and CDMO. And right now, it is 69%, but our margins have expanded. So how should one look at margins from a structural...

Anish Ganatra: Yes. I think like with everything else, numbers tell you only half the story, right? You have to relate this to the context. I mean, Q1 of last year, HF prices were very high. So in some sense, the margin profile of the HF itself was high, forget 32. Today, as we are talking in a heightened global war tensions with supply chain risk, the cost of raw materials increasing, et cetera, that profile will change. It's just obvious that it will happen. I mean even between Q4 to Q1, you will see gross margins have taken a 100 bps sort of dip, but then we've made up through productivity improvements coming through fixed cost initiatives and still have the EBITDA at that level.

Now this doesn't mean this is permanent, but I can't be taking price increasing every month or every day, right? So there is going to be a lag effect to this. So we constantly look for making sure that the price increase or inflation that we are seeing on the RM side is being passed on to the products wherever we have the pricing power, if that makes sense. So you have to look at it in the context of the environment is what I'm saying.

Vidrum Mehta: So, on a normalized run rate basis, how should one expect margin over the next one to two years?

Anish Ganatra: Yes. So where we are today and what we can see from upcoming capacities, the -- you've got the new HFC capacity coming in, you've got the debottlenecking plant coming in, you've got Chemours coming in. So we've got enough to have confidence from a point of view of operating leverage that what we are talking about will be in the range of that 32%, 33%, plus/minus 1% here or there.

So there will be a range. But I think it's fair to assume that, that's what we are working on. Of course, we'll keep sort of looking at this every quarter when we come on review our numbers and seeing again the environment in which we operate and what's that doing to us.

Vidrum Mehta: Sir, just one more thing on the capex front. Over the last five years, we have roughly spent more than INR3,000 crores. And in the coming three to four years, we are again going to spend around INR3,000-odd crores. So roughly INR6,000 crores of capex is what we are doing over a period of seven, eight years. Now broadly, when you incur a capex, what kind of revenue visibility you have in terms of RFQs or order backlog you already have in place? And what could be the gradual utilization or asset turn, which can ramp up over a period of, say, one, two years?

Anish Ganatra: Yes. So again, I'll take your question from a past standpoint. Future standpoint, we've always indicated that our capex frame allows that. We will only pursue those CapExes which are value accretive, and that's what our sort of discipline around investment guides us to. So -- but if you want asset turns are something that, again, not relevant for a high-margin business because typically, you look at asset turns more relevant in low-margin commodity type plays.

But having said that, asset turns are something that you will sort of see it play out. I mean what sort of -- I mean, I don't know what to answer on that, to be honest. I mean if you're asking there will be different for different businesses.

But the philosophy here is that we will play both a product and a service play, where we believe that our sort of technical competency lies in the product or the R&D side, much like the adoption capacity capex that you're seeing today. we will go ahead with sort of putting in the capacities on the basis of engagement with customer that necessarily doesn't mean that we have purchase orders. There is visibility though. So I think there are shades of grey over there. But of course, if this is a service contract, it will always be backed by a proper sort of order projections and commitments, yes.

And that's an example with the Chemours project. So you have both that we will play. We derisk our capex allocation quite significantly in both stages. There are stage gates we follow for technical evaluation, technical clearance and commercial evaluation, commercial clearance and then ultimately, the financial sort of framework that we have in place as the threshold before which capexes are put to the Board for approval.

Moderator: The next question is from the line of Siddharth from Equirus.

Siddharth: First on the INR90 crores capex, largely we would be doing this capex in Dahej itself and it would be largely setting up some dedicated capacity or more like a pilot plant?

Anish Ganatra: So this capacity will create sort of two core platforms and also augment our capabilities around equipment, etcetera, for analytical. We've already set up, but there is a need to augment those two. So this capex will address that.

The idea of calling this as adoption capex is as different from pilot capex is because lab-scale products have been approved. So, in effect, we've already made the product at lab scale. Of course, there is scale up involved and the risks associated with not being able to scale up. But again, that's why we have a product portfolio that we are playing with here. And this is being done at our Surat site.

Siddharth: Okay. Sir, second, on the HFO part, if you look at our annual report, our HFO revenues to Honeywell has been in the range of INR460 crores, INR470 crores. And our contract was for five years. So how should we think beyond FY '27 on this.

Anish Ganatra: There's time for that Beyond '29. So the asset commercialized in July '22, if I remember correctly. And the original term was for seven years, and there is an auto extension to that at Honeywell's interest for further three years. So we have enough runway to go. Don't worry about today.

Moderator: We will take the last question Heeral from Shatrunjaya Investment Managers.

Heeral: I wanted to understand the DRDO order that you have received. So can you give some more details on that, how will it impact our revenues and margins?

Anish Ganatra: So, DRDO order, I can only tell you what you've seen on the Internet any ways because it's bound by confidentiality. But obviously, the product name is out there and the product has application beyond defense. And again, that application beyond defense is also a material opportunity that Navin can pursue. So I'll leave it at that, if you don't mind.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for their closing comments. Thank you. Over to you, sir.

Anish Ganatra: All right. Thank you again all for taking the time to join us today. Really appreciate it, and have a great evening. Thanks.

Moderator: Thank you. On behalf of Navin Fluorine International Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.