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May 16, 2025

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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 and financial year ended March 31, 2025

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 May 09, 2025 regarding discussion on operational and financial performance for the quarter and financial year ended March 31, 2025 (Q4 & FY 2024-25) 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 Bipin Mankad
Digitally signed by Niraj Bipin Mankad
Date: 2025.05.16 20:45:18 +05'30'

Niraj B. Mankad
President Legal and Company Secretary

Encl.: a/a

"Navin Fluorine International Limited Q4 FY '25 Earnings Conference Call"

May 09, 2025

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
MS. PAYAL DAVE – INVESTOR RELATIONS ADVISOR – MUFG INTIME IR

MODERATOR: **MR. BHAVYA SHAH – MUFG INTIME IR**

Moderator: Ladies and gentlemen, good day, and welcome to the Navin Fluorine International Limited Q4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Bhavya Shah from MUFG Intime IR. Thank you, and over to you, sir.

Bhavya Shah: Thank you. Welcome to the Q4 and FY '25 Earnings Conference Call. Today on the call, we have with us Mr. Vishad Mafatlal, Chairman; Mr. Nitin Kulkarni, Managing Director; and Mr. Anish Ganatra, Chief Financial Officer of Navin Fluorine International Limited.

This conference call may contain forward-looking statements about the company, which are based on beliefs, opinion and expectations as of today. Actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Our detailed Safe Harbor statement is given on Page 2 of investor presentation of the company, which has been uploaded on the stock exchange and company website.

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

Vishad Mafatlal: Good evening, ladies and gentlemen. It gives me great pleasure to welcome all of you to Navin Fluorine's Q4 and full year FY '25 Earnings Call. I am joined today by our MD, Mr. Nitin Kulkarni; our CFO, Mr. Anish Ganatra and Ms. Payal Dave from MUFG, our Investor Relations Advisor.

Let me begin by saying that this has been a good quarter for Navin Fluorine, a quarter where multiple strategic levers came together to deliver a robust performance. We reported our highest ever revenue of INR2,349 crores and highest ever quarterly revenues of INR701 crores with EBITDA margins in the last quarter, reaching 25.5%. We have adhered to our financial framework maintaining our debt-to-equity ratio of 0.37 and generating operating cash flows of INR571 crores in the past year.

I am pleased to announce our strategic agreement with Chemours to produce their proprietary product, Opteon, a two-phase immersion cooling fluid. This manufacturing partnership leverages Chemours innovation and Navin's manufacturing expertise to address the data cooling center needs created by AI and next-generation chips. With this partnership, we will foray into Advanced Materials segment in line with our strategies communicated to you all in the past.

This partnership is a significant milestone for us. It reposes Chemours confidence and trust in Navin Fluorine's capabilities to absorb and commercialize high-end technologies, and we are grateful for the same.

We have also tied up with BUSS ChemTech AG, Switzerland as a technology partner to commercialize solar and electronic grade HF exclusively for us. BUSS ChemTech AG is a leader in this space for over a century. We are pleased to announce our R32 project commercialized in March 2025 and is currently operating at optimal capacity.

This is a significant validation of our R&D and execution capabilities, and it adds further momentum to our High-Performance Products business, where we continue to see strong demand and pricing traction in both HFO and R32.

Encouraged by the continued growing demand of R32 across all geographies, including in India, for the RAC market, we are actively engaged with global partners to leverage on this opportunity further. We have a robust order book visibility in our CDMO business and a strong pipeline in Specialty Chemicals business.

Our ongoing AHF project is progressing well with the completion expected by Q2 FY '26. And the cGMP4 Phase I facility remains on track for commercialization in Q3 FY '26. To conclude, we remain focused on scaling our businesses, strengthening our technology platforms, building up strategic partnerships and delivering sustainable growth to create long-term value for all our stakeholders.

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

Nitin Kulkarni: Thank you, Vishad Bhai, and good evening to everyone. A significant development is our strategic agreement with Chemours for the manufacturing of a new two-phase immersion cooling fluid, which is part of their Opteon series. Under the agreement, Navin Fluorine will establish manufacturing facility at Surat at an estimated capex of US$14 million, including US$5 million of contribution by Chemours. The project is expected to be operational during quarter 1 of FY '27.

As market adoption deepens Navin Fluorine and Chemours will get into discussions for servicing of potentially higher demand. Our performance in Q4 reflects not just strong market demand, but also the disciplined execution and operational resilience that our team has demonstrated across segments. We have seen sustained momentum across our verticals. In High Performance Products (HPP) we recorded revenue driven by robust demand and improved pricing realization.

This quarter, we commercialized second plant of R32. Our AHF project is expected to be commissioned by quarter 2 of FY '26. Our tie-up with BUSS ChemTech AG for high-purity HF aligned to the expected commissioning of our AHF plant will help us to foray into solar and electronic grid market, both in India and overseas.

Moving to the Specialty Chemicals business. We are operating at optimal capacity utilization at both Dahej and Surat, and we have good order visibility for FY '26. After successful validation by our global agrochemical partners, we are also introducing two fluoro intermediates for their new innovative AI in FY '26.

Commercial production at our Dahej facility for fluorospecialty project, which commenced in December 2024 and is currently ramping up well. In Surat, following our INR30 crores expansion, we initiated for dispatch of this particular product in February 2025.

The CDMO business recorded strong performance in the last quarter. This growth has been driven by both repeat orders and new project wins. Looking ahead, our cGMP4 capex of INR288 crores is progressing as planned. Phase 1, which involves INR160 crores of investment is on track to be commissioned by end of quarter 3 FY '26.

Overall, I want to emphasize that Navin Fluorine is currently in a good position, both operationally and strategically. We are advancing with disciplined project execution and targeted capital investments, all within a well-defined financial structure. At the same time, we are pursuing growth to keep pace with an evolving market landscape. Our efforts remain focused on strengthening our existing verticals, expanding into new product lines, and upholding the highest standards of safety, compliance and operational integrity.

On this note, I would like to hand over to Anish to brief you on financial performance.

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 Q4 and FY '25. Quarterly performance, we reported revenues of INR701 crores in Q4 FY '25, an increase of 16% year-on-year and quarter-on-quarter, led by an increase in revenue across all the verticals.

Operating EBITDA for Q4 FY '25 was approximately INR179 crores, a growth of 62% year-on-year. Operating EBITDA margin stood at 25.5% as against 18.3% in Q4 of FY '24. Operating PBT for Q4 FY '25 was INR115 crores as against INR67 crores, an increase of 72%. Profit after tax in Q4 FY '25 stood at INR95 crores as against INR70 crores in Q4 FY '24, an increase of 35%.

FY '25 performance. For FY '25 on a consolidated basis, the company reported net operating revenue of INR2,349 crores as against INR2,065 crores in FY '24, reflecting a growth of 14%. Operating EBITDA stood at INR534 crores as against INR398 crores in FY '24, up by 34%. Operating EBITDA margin for FY '25 stood at 22.7% as against 19.3% in the same period last year.

Operating PBT for FY '25 was INR336 crores as against INR228 crores, an increase of 48%. Profit after tax in FY '25 stood at INR289 crores as against INR271 crores in FY '24. As of 31st March '25, our net debt-to-equity stood at 0.37, and net working capital days at 90 days of sales, well within the financial frame indicated earlier.

That's all from my side. We can now open the line for Q&A.

Moderator: The first question is from the line of Sudarshan Padmanabhan from ASK NDPMS.

Sudarshan Padmanabhan: Congrats on the great set of numbers and tie up. Sir, my question is to understand a little bit more with respect to the tie-up with Chemours, especially if I look on the nature of the products that we are dealing with. I mean this opens a completely new arena of business for us in terms of targeting the AI customer in terms of fluid.

What I'm trying to understand is at the size of the capex today with respect to the price and the potential of the industry, I think Chemours themselves talk about $550 million to $3 billion. I'm trying to understand, one, you're scalability with Chemours. Number two, can you take this technology and knowledge and extrapolate it to other products so that you can target a wider range of customers ?

Anish Ganatra: All right. Thanks, Sudarshan. So yes, we are also equally excited with the tie-up on Chemours and the fact that it opens up a completely new product line for us. As mentioned by Vishad Bhai and reiterated by Nitin, this is a foray by Navin into the advanced materials play. Though it's not something that's happened by accident. We've always indicated this as part of a strategic priority as we keep progressing on our growth journey.

Now the size of capex and scalability, etc I think, again, we've said this very clearly in our disclosures too, that this is the initial capacity to help Chemours with the adoption -- with accelerating the adoption of their proprietary product into the market. Technology belongs to them. So clearly, it's not something that we would -- we have any rights to the technology or its end product or its use, yes?

Sudarshan Padmanabhan: Sure, sure. So I mean, in the sense of targeting the larger audience within the space. I mean I'm just trying to understand because this is a first step into this space, whether this will open up a new business for us altogether, as I'm fast-forwarding, say, three, four years?

Nitin Kulkarni: Yes. So basically, what Navin is demonstrating is our ability to understand, absorb and commercialize the proprietary products based on the various platforms on which we are operating. So this particular venture has demonstrated that Navin got the skill set from a gram level to the commercialization of the product, where at each and every state, we have the required infrastructure, the analytical tools, the skill set, the people to gain the confidence and demonstrate on the ground, our ability to make the product, which is required for such a high-end technology.

So our job is here to demonstrate our abilities to work on these platforms where such technologies, we can easily absorb and take it forward. So giving the answer to your question, because of this particular capability of Navin, we are working with other areas in the new age industry also, which covers like semiconductor inches, the doping gases, the specialty additives required for such applications.

So there is a hopper where we are working with other global majors or other applications for other new age technologies. So for this particular application, as Anish Bhai said, this is exclusive for Chemours. This is their technology, and we are just going to -- we have absorbed and we are going to scale it up and as things progress, it will go further.

Anish Ganatra: So Sudarshan, just to add, we've always said that our -- that we are working on a portfolio of products within the advanced materials space. This one has crystallized first. So this is the beginning, as we've said.

Sudarshan Padmanabhan: And just on the numbers, I mean, what is the kind of asset and qualitatively the margins that we can do?

Anish Ganatra: So Sudarshan, this is an initial capacity that we've put in for Chemours to help with the adoption. The capacity by itself is sufficient to support several field trials of the product in terms of actually doing dozens of field trials to accelerate the adoption. The value proposition of the product is such that it is something that is considered essential to the evolution of data centers as next-gen GPUs and chips advance. The sense is that two-phase immersion cooling is going to be the most effective solution in the play.

And so like we said in our announcement, as this market sort of adoption accelerates, there will be a conversation for a greater capacity. Unfortunately, in the contract confidentiality terms we're not allowed to disclose any asset turns or value or capacity around it. But you have a size of the capex, so you're free to make your judgment on that.

Sudarshan Padmanabhan: Sure, thanks a lot for your elaborated answer. One final question before I joined back the queue is that it's hardening to see the CDMO gaining good traction. One, of course, Fermion is scaling up well for us. I mean just to reiterate, we've talked about a lot of products getting into the commercial space from this stage. So if you can qualitatively talk about with respect to because we are putting a lot of capex in the space, qualitatively how many products or what is the kind of scale that we can expect in an accelerated mode in the period?

Anish Ganatra: I think as we've said before, that at any given point in time, we are working on 10 to 15 commercial or late-stage products that have the potential to grow up. If you look at our slides in the update that we've given today, we've talked about a commercial order for a U.S. major that's expected for delivery in FY '26. This order follows on a successful scale-up order that was delivered in this quarter.

So I mean, as we've always said in this vertical, we work with innovative molecules and innovative molecules by definition, you talk of blockbuster level concepts, yes. So I mean the capacity, we think, is actually going to be needed to achieve our growth aspirations.

Moderator: The next question is from the line of Vivek Rajamani from Morgan Stanley.

Vivek Rajamani: Hi sir, thank you so much for the presentation and congratulations on a great set of results. I'll probably extend the previous participant's question on CDMO. Given the progress that you've made with the new customers, can you give us a sense of how we should be thinking of the CDMO revenues into fiscal '26-'27 vis-a-vis where we are in Q4, which is already a great start.

So just some thoughts in terms of how that could evolve. And this is an extension to that. You had mentioned that from a strategic perspective, you're shifting into more late-stage molecules to reduce the lumpy nature of CDMO. Just wanted to understand with the contracts that you have, how much -- how far do these contracts get you with reaching that objective?

Anish Ganatra: So Vivek, thanks for the question again. I mean on the CDMO side, as we've said before, the strategy was to balance early stage and late-stage molecules. Late stage and commercial molecules are going to add scale and growth into this business, and that's where our focus was. This will remove the lumpiness, as you rightly said.

We will be looking to sort of continuing to hold our aspirational target to be $100 million. Like I said, $100 million is not -- it's a milestone. It's not the destination. So effectively, even if we are 90, it doesn't change the dial. In fact, it's a tipping point for CDMO to become a material business.

The U.S. major commercial molecule that we talked about, if that molecule succeed, again, that's a big sort of molecule to come into our portfolio and will become hopefully something like a Fermion type. The other thing to remember here is that as we sort of scale this, so between now and the $100 million target, and like I said, you can take a rough number there, but the growth will be sort of gradual and progress. It's not kind of -- we're not talking many years. We're talking 2 years. So I'll leave the math to you.

Vivek Rajamani: That's clear. Maybe the second question I had was just with respect to the conversations that you're having with your broader customer base across segments. Just wanted to get a sense in terms of everything that's been happening in the last couple of months. Do you get a sense of how customers are thinking about '25-26. Is there -- are you getting a sense of them changing any strategy from a procurement perspective. Any high-level thoughts with respect to tariff would be super helpful.

Anish Ganatra: So tariffs are, and I think, again, following on the announcement of tariffs, of course, the impact is now very subdued as we speak now. But the kind of case for Navin was neutral to positive, as we've indicated before. If you look at different verticals, now HPP, the growth gets driven through all the sort of regulatory changes that are happening in the end markets there, whether you talk of the Montreal protocol, etcetera.

And those the HPP vertical is virtually, I think, insulated from the tariff conversations. On the, AG chem side, again, talking to our customers, none of them are indicating anything substantially change in the strategic direction on outsourcing or doing more of work outside with players in India, etcetera, as a result of the tariff conversation. CDMO also, as I've indicated before, because we play with innovative large customers, these customers, when they look at their molecules, the intermediate is a very small component of them.

For them, it's more important to ensure the success of their molecule rather than worry about the tariffs, I think at least. But it's a space that we continue to watch all the time. As of now, we've not seen any sort of any sort of headwind as a result of the tariffs. And the fact that we are making some good progress on our strategic priorities is a good indication of the customer mindset in this space.

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

Sanjesh Jain: **Good evening sir, Thanks** I got a few, but will restrict to two. First, on the BUSS ChemTech, we did announce the arrangement and exclusive technology transfer. We are already building an HF capacity, there should be more distillation, right, to bring in the purity here. We are talking about PPB level or it is still PPM level? That's number one.

Number two, what really the application does it have in solar and on the electronics side, what really characteristics or the effect does it add? And how big the opportunity is for us? Because I think India is adding a lot of solar capacity. In that background, can you help us understand that?

Anish Ganatra: Yes. Thanks, Sanjesh. I will request Nitin to take this.

Nitin Kulkarni: So Sanjesh, here we are talking about the N3 and N5 specification. We are not talking of only PPM or PPB, PPB is part of the N3 and N5. So we are really talking about the N5 grid, which goes into the high electronic grid. So this is not just the distillation to make high-purity product. It is actually to meet the N5 grade of electronic industry. That is the reason we are talking about the opportunity not only within the Indian space, but outside India.

And second, N3 that is what we currently talk about the solar application. And definitely, if you look at the number of the gigawatt installations which are happening in the country and the way forward, the program is, the demand is going to be very robust. It is already in place. And I think this is a good opportunity for us to cater to the global electronics as well as solar application area. So this is not just a pure distillation. It is much beyond that, which includes clean rooms as well as packaging.

Anish Ganatra: So just to add Sanjesh, again, this is something that we've indicated as our strategic priority to get more value for money from every kg of HF, right? So it's aligned with that logic. And so I just wanted to make sure you got that. Thanks Sanjesh.

Sanjesh Jain: No, that's clear. But are we putting any other asset for this? Or how is it? We haven't announced any capex?

Anish Ganatra: Not yet. But this will -- could culminate into that.

Nitin Kulkarni: The first step was not to bring the right partner in place. And that too also, which will protect our long-term interest. So I think we have crossed that hurdle quite well. And I will say this is a very significant development moving forward into the N5 and entry specification.

Sanjesh Jain: This is not similar to Opteon, right? This is not contract manufacturing, this tech transfer and branding by Navin?

Nitin Kulkarni: Correct. Correct. This is pure Navin product play like 32.

Sanjesh Jain: Very clear, very clear. Just one small question on Opteon. Opteon is a fluorine product or some other chemistry?

Anish Ganatra: Again, under the agreement, Sanjesh, we are not allowed to talk about the chemical composition of this product. So unfortunately, we'll not be able to clarify on that.

Sanjesh Jain: No problem. Just one last question probably on the gross profit margin and the inventory days. I thought we had a benefit of R32 pricing. We had higher contribution from CDMO. We had optimized all the product. And at the gross profit margin sequentially what really or how should we see the gross profit margin? That's number one.

Number two, inventory days have come down from, what, 80 plus now to 45, close about that. Is it a sustainable number or there was a huge order and we have used or consumed a lot of inventory. How should we see this inventory days of 80. I think we were targeting 90 something. We have overachieved that.

Anish Ganatra: So our net working capital days was we had indicated 100 and where we are today is 90. Inventory reduction that you're talking about is definitely sustainable because -- it's not something that has happened by accident. We've been continuously monitoring the levels of inventory and matching that to orders. Yes, we had a scenario where there was raw materials that were there, which were used up in the order as they came in.

So, it's not something that's a one-off. It's something that we have a lot of discipline in terms of our procurement around inventory and aligning that with the order books. So that was what was the other question? Sorry, I missed that.

Sanjesh Jain: Gross profit margin, mix plus pricing.

Anish Ganatra: Yes. So on the gross profit, I mean, you're right. In terms of the pricing advantage, we are seeing good sort of tailwinds in the HPP business, particularly on the different ref gases in the portfolio around that, whether you look on it year-on-year, quarter-on-quarter. And we continue to sort of have a good constructive outlook on that side of things.

There have been some cost increases, particularly in certain raw materials like sulfur and the like, which has sort of impacted the margins. But it's a small dip. I mean, if you look at it on an overall basis for a year to year, it's still pretty robust. So again, sulfur prices are also, I believe, sort of softening. So we see some correction on that as well.

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

Madhav: My first question was if you could just give some sense around the R32 market, sensing that pricing has been quite healthy there. So if you could give us some sense in terms of how the pricing dynamics are today and just your outlook for the next maybe FY '26 or for the next few quarters, how that could shape up? And I think you also did indicate that you are discussing with some global clients for some sort of a partnerships. So if you could elaborate a bit there as well?

Anish Ganatra: So Madhav, thanks for that. I mean, see, R32, we've always stayed away from giving specific pricing guidance because, frankly, price is a factor of demand and supply, right? And when we start looking at demand factors that influence the pricing, we remain very, very positive on it. And we see first-time evidence of it. I mean, if you think about our new capacity coming on board, I mean, we've not had -- we've had sort of multiple inquiries on the capacity much before even the capacity came on stream.

And in fact, in the last call, if you remember, we did indicate that some of these inquiries are large enough for us to have a strategic conversation. Now since then, what has happened is these inquiries have come from multiple global majors. And as a result of that, our own thinking has evolved and progressed in terms of thinking what is the right size, what is the right sort of capacity to think over here. And in due course of time, as we close out the commercials around it and take it to investment stage, we will definitely come out and tell the market about it.

Madhav: And also on the fluoro speciality project, the INR540 crores, what's the utilization rate there? And how does FY '26 look in terms of ramp-up for that?

Anish Ganatra: So on that particular one, like we've said before, that's a 3-stage complex process that we are undertaking, and we are slowly progressing and progressively ramping it. We are not rushing into it. I won't talk about the capacities now, but while the capacity is being used to deliver the dedicated molecule, we are also modifying the capacity to also address a new molecule and the customers' funding, which I had indicated even in earlier calls.

But we remain very positive about the utilization of this asset by the end of this year. So what we are talking there, remember, if we were 540, we had indicated a par value. We think we'll be about 50-plus percent by the end of the year or that number, roughly.

Madhav: 50% plus utilization by the end of FY '26?

Anish Ganatra: So I mean, utilization in terms of because we are adding in one more molecule on that, I wouldn't sort of use it in terms of tonnages or machine hours, but more in terms of the par value. And therefore, I'm saying that about 50% to 55% is what you will see by the end of the year, revenue coming in from that asset.

Madhav: Just one last more question. The capex, which you announced with Chemours, $14 million capex. So I mean, with our balance sheet, we could have easily funded the whole thing by our own sales. Any reason why Chemours investing $5 million? I mean that's a very small amount for Navin. So why don't we just invest the whole thing on our own?

Anish Ganatra: Yes. So Madhav, you're right. I don't think it's about the value and the quantum of investment. It's symbolic, and it's a question of partnership. And that's what that number indicates. It indicates skin in the game, it indicates a partnership. It indicates that both of us are committing resources and effort around developing something that's revolutionary and needed for the growth of data centers and next gen chips as they advance.

Madhav: And any guidance on margins for FY '26, directionally where we could be?

Anish Ganatra: So I think we've said this before, we had reset this to 25%. For now, we will hold it to that number. We're working very hard to make sure that gets delivered. I mean, just on this call previously, somebody asked me about tariffs, etc. You know the global scenario such there are headwinds and tailwinds. And we are going to work very hard to maintain that margin. That's where we are. We'll come and revisit that at the end of the year.

Madhav: 25% of the full year business?

Anish Ganatra: Yes. So if not -- again, this is the range. We're talking between 23% to 26%, 27%. It could be anywhere in between. So it will be in that ballpark there. That's what we are striving towards, yes.

Moderator: The next question is from the line of Krishan Parwani from JM Financial.

Krishan Parwani: Congrats on very strong set of numbers. Two questions from my side. First, as per my understanding, production of electronic grade HF first requires gasification of anhydrous HF. So would the tech tie-up enable us to do the same? Or have you developed that in-house?

Anish Ganatra: Krishan, I'll ask Nitin to answer that.

Nitin Kulkarni: I didn't get you, Krishan, what you are asking.

Krishan Parwani: So I was just asking the gasification of the anhydrous HF is required in production of electronic grade HF, So the tie-up that you have done?

Nitin Kulkarni: So it is required for our normal HF production also.

Krishan Parwani: Okay. So that is in-house. And secondly, on CDMO for the commercial order from the U.S. major, would you need a separate capex or not now?

Anish Ganatra: No, not now. Not now.

Moderator: The next question is from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Thanks for the opportunity.and happy to know that we have achieved the 25% exit EBITDA run rate. First question is looking at the balance sheet, we have a gross block of around INR3,000 crores, what is the kind of asset terms on an aggregate basis, we are looking from this gross block. And normal circumstances, when can we achieve that peak revenue potential?

Anish Ganatra: So I think, again, Rohit, I mean, there's assets over there, like if you look at the -- any asset that we commissioned, we talked 2 years to get to par, right? Now it's just in this last year, if you look at it, we are talking of the chloro specialty capex coming on board, which was about INR500-odd crores in terms of what we had approved for and also the R32.

Now the asset turns vary by businesses. So if you look at HPP, we are seeing that asset turns of 2x. Again, all of this is market-driven as well, right? And I'm sure you understand that, where we play the product that it can be 2x, it can be higher than that. Like R-32, we are actually seeing that value today very easily.

In the AG chem business, we are seeing an asset turn of something like 1.5%, 1.4%, something like that. In CDMO business, again, we are seeing asset turns of 2. So in terms of -- there are different sort of things, but when you sort of look -- it's difficult to give you an average because what happens is our investment is not consistently the same in different verticals, right? We've invested in different times, in different verticals based on the opportunity based on the projects, how they progress.

But if you look at the Par conversation, then I would sort of indicate to you that the SFO asset has already achieved its par. As I indicated before, the Fluoro Specialty capex will achieve about 50% to 55% of the par in FY '26. That's what we are working on. The MPP asset in Dahej, which was commissioned, we are talking of we had indicated a power of something like INR260-odd crores. We are roughly about 80% of that. 75%, 80% of that. And in the coming years, we'll probably see that go up.

Again, in the same way, the dedicated specialty plant in Dahej, we had achieved the par in an earlier year. And this year, we have fallen short of the PAR number. But in the coming year, in FY '26, we are hopeful of meeting the par over there as well. So I will leave it at that, Rohit, if that makes sense.

Rohit Nagraj: That explains. Sir, second question is, in the last few years, you've seen that we have become a partner of choice for manufacturing for the global majors. There is a tech transfer also happening and our capabilities are also improving to that extent. But beyond the tech transfer and the manufacturing that we are doing, how are we shaping up our in-house R&D or rather, which are the user segments where we are developing certain technologies or products, how that effort is shaping up. And when can we see new products being launched from RPT for the global markets?

Anish Ganatra: All right. So let me sort of take that and then I will ask Nitin to add on to that. If you kind of look at us, we've always talked of a product and service play. And our philosophy on both has been very clear, where we have both the technical and the commercial capability to market the product and take the product to the end customers, we are clearly in the product play where we believe that we can develop that capability.

We're still in a product play, similar to what Nitin just mentioned on solar and electronic HF play, which will be something of a product play, where we believe that we have manufacturing excellence that we can bring into play. You will see service-type agreements much like the SFO agreement or the Chemours agreement, right? So you will see a combination of how Navin plays into this.

In terms of our own R&D, we've established a very strong R&D both in Surat and in Devas, catered to different parts of the business. And continuously on our Hopper, we have both product place that we are working on as well as service plays that we are working on. And so it's going to be a combination of the 2, but I'll let Nitin add in terms of R&D capability and what we do.

Nitin Kulkarni: I think you covered most of the things. It is a very Just to add to Anish, for these new age businesses and opportunities you need a quite different infrastructure. And fortunately, we have briefed that we are building further expertise based on the experiences, which we are gaining the knowledge sharing, which is happening to us. So I will really say we are very strong now infrastructure, the culture and the mindset to develop and commercialize such processes.

So I think that is definitely going to help us a lot while playing a service provider type of a role for high technology adoption for this new edge platform. At the same time, when we need to do a product place, we need to be a little bit careful about the product selection, because we need to understand also in our customer expectations, which are our strategic partners.

And by keeping the balance between the 2, definitely, we have the Hopper where like you must be knowing one of our products called Boron, which is developed by us. Today, we are one of the largest player in not only in India, but in the world.

And we are really putting effort to come up with some more such products. But I think we need to also need some time as well as you know, we can also show some patience before we come up to the similar product like it.

Anish Ganatra: Like R32 is another good example, where we've gone beyond the market that we were currently servicing, but because we had enough sort of bandwidth and capability that we could develop. We've gone out and even service the U.S. market today. Today, most of the customers we talk to are across the globe.

Rohit Nagraj: Right. This is really helpful. Just one last clarification. In terms of the FY '27 CDMO aspiration of $100 million, it stays, right?

Anish Ganatra: I think I've given color to that before as well. We'll be one third, one third, one third supported by the CDMO of our known contract, one third coming in from any new MSA, and we are making progress on that as we talk and one third from the base business.

Rohit Nagraj: Right. But that stays, correct?

Anish Ganatra: Yes, yes, yes, very much.

Nitin Kulkarni: But as I said don't look at only 100. It’s a milestone.

Moderator: The next question is from the line of Ankur Periwal from Axis Capital.

Ankur Periwal: Congratulations for great set of numbers. First question on the gross margin front. Now I'm looking across the three business segments. So CDMO typically is a higher margin business. In HPP, you have the benefit of pricing coming in there, it may not be this quarter, maybe next quarter.

So but your guidance is still the similar range of 23% to 26%. So is it the specialty chemical part wherein there is some bit of pricing pressures or maybe some guidance there will be helpful?

Nitin Kulkarni: So, if you look at the current quarter with numbers published by the global AI, they have shown us some better number, but at the cost of the raw material cost improvement. So pricing pressure is quite heavy. Though, there is a volume uptick, but price pressure is going to remain. So we have to address all the challenges to keep our...

Anish Ganatra: Yes, Ankur while sort of reflecting, but you also sort of should bear this in mind that we don't live in a certain world. I can't take a linear extrapolation. I mean there's so much of uncertainty around us that today, we are being cautious in not guiding any number that's different. And we're working very hard to maintain that 25%, but as the quarters progress, you will see where we get to. And when we feel it's right, we will update that guidance. But today, I think 25% is what we are in a range-bound number working very hard to maintain.

Nitin Kulkarni: And Ankur, just as you know, the way we started this FY and we exited '25, so definitely, our focus, our approach is definitely what we can bring best to the stakeholders, and we will make everything possible to achieve best.

Ankur Periwal: Sure Nitin. Just a clarification here. The R32 sales that we are doing, is it largely spot basis? Or these are probably largely on a contractual basis?

Anish Ganatra: Combination of both actually, OEM as well as contracts, particularly in newer markets.

Ankur Periwal: Okay. That's helpful. Just a second bit, the CDMO growth path, whether it is Fermion or the U.S. molecules that we are working on. Will it be fair to say that we will lead a CGMP4 here for a full ramp-up as we discussed earlier?

Anish Ganatra: So like we've said before, I mean, again, if you look back to what we had done in FY '23, I believe, that was done with cGMP 1, 2 and 3. And if you add the capex turns that we're talking in CDMO business, which you're aware of, the CGMP Phase I, along with 1, 2 and 3 will get us pretty close to the number we are aspiring to in FY '27.

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

Abhijit Akella: The depreciation and finance costs, the significant increase in this quarter. Is that largely because of the commissioning of the fluoro specialty project, the INR540 crores. And for the year ahead, if you could please help us with any broad estimate of where these two line items might go in the context of what we are expecting to capitalize. Also, if you could just share a number on the capex budget for fiscal '26?

Anish Ganatra: All right. So your question about depreciation, you're right, the increase does reflect the capitalization coming in from the fluoro speciality project. And if I had to give you a sense, you should probably look at about INR30, INR35 crores, INR35 crores per quarter as a run rate.

So this is for the assets that have been capitalized. And we're talking about INR140-odd crores and roughly about INR130 crores, INR135 crores for the interest as well for the whole year. Now of course, that interest will keep coming down as the debt gets paid out. So as we stand now, that's where we are.

The capex plan for the year, I mean, it's again what's there out in the public in terms of the AHS plan that's currently ongoing, we'll obviously there will be capex on it as well as on the CGMP4. Our capex frame to talk about a number of INR500 crores to INR600 crores capability of the balance sheet to fund in terms of cash outflow and capex continues to remain intact because our balance sheet continues to remain strong, coupled with very strong net debt-to-equity kind of number, too.

Abhijit Akella: Just one other quick thing. On the Opteon project, is the margin profile comparable with what we have at company level or somewhat…

Anish Ganatra: Sorry, is the…

Abhijit Akella: On the Opteon project, is the margin profile in line with the overall company level averages…

Anish Ganatra: I can't. Unfortunately, I won't be able to help you there. I mean I think we have to look at it like a strategic investment. There will be -- our assets -- our capex is absolutely protected. Our returns as what we have our internal threshold are also protected. But one has to look at this as a strategic investment.

Moderator: The next question is from the line of Amar Maurya from Lucky Investment.

Amar Maurya: My question is on Opteon. So in terms of the technology readiness and the Chemours level, is this technology, is that TRL 7 to 9?

Anish Ganatra: There's a lot of background noise at your end. But if I understood you're asking is the technology…

Amar Maurya: Is it better now?

Anish Ganatra: Sorry, go on, what was your question? Maybe you can repeat.

Amar Maurya: So what I'm trying to understand in case of Opteon, in the technology level, technology readiness level. Is this technology at Chemours level is like to the level of 7% to 9%, so that you can do a commercial delivery by Q1 '27.

Anish Ganatra: Yes, yes. So this is a product we've actually already been making for them in smaller quantities at the moment. And part of the reason, so we've been working with Chemours on this. The partnerships don't happen overnight. But the idea is that this is now coming to a level where an initial scale capacity was seen as necessary to progress the adoption in the market. And so yes, I mean, I don't know how else to answer what you're asking.

Amar Maurya: Okay. And secondly, this chemical are there 2 chemicals, one for direct-to-chip and one for immersion or chemical is same for the both?

Anish Ganatra: No, this is two-phase immersion cooling.

Amar Maurya: And you are going to make immersion cooling also and direct to chip cooling also, right…

Anish Ganatra: I didn't say that just hear me out. two-phase immersion cooling liquid is the capacity we are setting up for.

Amar Maurya: So, this is immersion cooling technology. So that means…

Anish Ganatra: So Amar...

Nitin Kulkarni: Amar, it is two-phase. Don't build this definition.

Anish Ganatra: Yes, it's very critical.

Amar Maurya: Because Sir, immersion cooling is still not approved by Dell, HP, Lenovo, anybody?

Anish Ganatra: No, no, no.

Nitin Kulkarni: Don't go into that. I'm just talking about the product description. So when you are saying, I'm just saying we are talking about two-phase immersion cooling.

Anish Ganatra: I mean we'll leave it for you to judge…

Amar Maurya: Total opportunity size of this market globally?

Anish Ganatra: Again, something that I can only tell you from what Chemours has talked in their public sort of media release yesterday. We are talking about potential. The entire liquid cooling market is today $0.5 billion, expected to become something like $3 billion by 2035, okay? And two-phase immersion cooling liquids is part of that market, yes?

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Anish Ganatra: All right. So again, thank you all for taking the time today evening. Really appreciate the quality of the questions and the interactions and look forward to our next sort of interaction on those, yes. Thank you. Thanks to all.

Nitin Kulkarni: Thanks, everyone.

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.