

August 05, 2025

BSE Limited

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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 ended June 30, 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 July 30, 2025 regarding discussion on operational and financial performance for the quarter ended June 30, 2025 (Q1 of FY 2025-26) 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 B. Mankad

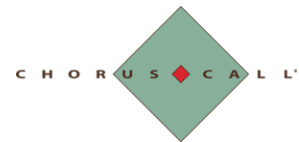
President Legal and Company Secretary

Encl.: a/a



“Navin Fluorine International Limited
Q1 FY '26 Earnings Conference Call”

July 30, 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**

MODERATOR: **MR. IRFAN RAEEN – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the Navin Fluorine International Limited Q1 FY '26 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 touch-tone phone. Please note that this conference is being recorded.

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

Irfan Raean: Thank you, Viren. Welcome to Q1 FY '26 Earnings Conference Call of Navin. Today on the call, we have with us Mr. Vishad Mafatlal, Chairman; Mr. Nitin Kulkarni, Managing Director; Mr. Anish Ganatra, Chief Financial Officer of Navin Fluorine International Limited.

This call may contain forward-looking statements about the company, which are completely based upon belief, 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. Our detailed safe harbor statement is given on the Page number 2 of investor presentation of the company, which is uploaded on stock exchanges and on the company's website.

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

Vishad Mafatlal: Good evening, ladies and gentlemen, and welcome to Navin Fluorine's Q1 FY '26 Earnings Call. I am joined today by our MD, Nitin Kulkarni; our CFO, Anish Ganatra; and Ms. Payal Dave from MUFG Intime, our Investor Relations advisor.

It gives me great pleasure to share with you all that we have delivered yet another good quarter, a strong reflection of our strategic focus. FY '26 commenced on an optimistic note, marked by a successful completion of our INR750 crores QIP. We are delighted to share that the offering received a positive response from investors. We extend our sincere gratitude to all participants for placing their trust in us and providing the capital to fuel our future growth.

In Q1 FY '26, our revenue rose by 39% to INR725 crores. Operating EBITDA more than doubled, reaching INR207 crores, an increase of 106%. Our net profit grew by 129% coming in at INR117 crores on a year-on-year basis. All three of our business divisions reported robust growth in Q1 FY '26, setting a strong tone for the fiscal year ahead with a solid order book in place, we remain optimistic about sustained momentum in the coming quarters.

In the HPP segment, we are happy to share that our R32 project was successfully commercialized in March 25 and is running at optimal capacity. Given the accelerating global demand for R32, we are firming up our plans with international partners to further capitalize on this opportunity. Meanwhile, our AHF project continues to advance steadily with completion target for the end

of Q2 FY '26. As mentioned earlier, we have an exclusive tie-up with Buss ChemTech AG Switzerland as a technology partner to commercialize our electronic-grade HF.

In the Specialty Chemicals segment, we are set to deliver supplies for 3 new molecules in Q2 FY '26. Additionally, our fluoro specialty project in Dahej, which was launched in December '24 is expected to deliver a meaningful contribution this year. We have also announced a strategic partnership with Chemours to manufacture their proprietary product Opteon, a 2-phase immersion cooling fluid. Project execution is already underway.

In our CDMO division, the order book continues to show strong momentum. Our cGMP4 facility Phase 1 expansion is progressing as planned with commercialization expected in Q3 FY '26. The expansion initiatives across all 3 segments reflect our commitment to enhancing value addition, targeting high-margin opportunities and diversifying into emerging high-growth sectors.

We will continue to deepen our relationships with customers and suppliers while developing new relationships across different geographies and business verticals. 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, and good evening to everyone. We are pleased to share that our team delivered good results last quarter. Our priorities for FY '25, '26 also include the successful commissioning of AHF and cGMP4 projects, ramp-up of recently commercialized assets, expansion of our specialty and CDMO portfolio and driving margin optimization through operational excellence. Let me brief you on the progress we have made in each vertical.

Growth of revenue in HPP segment is driven by both increased demand and improved price realizations. The pricing landscape for repression gases remains firm. The capacity we commercialized for R32 in March 2025 is at an optimal utilization. Our HFO business has continued to operate as per our expectations. Our exclusive tie-up with Buss ChemTech AG for high-purity electronic-grade HF is progressing well. We are making inroads through greater engagements with customers so as to access electronic grade market globally.

Our Specialty Chemicals division is operated at an optimal utilization level in the last quarter and for the coming quarter of the year too, we have order visibility. In the last quarter, we mentioned we had received validation from our global partners for 2 fluoro intermediates for their new innovative AI in FY '26. The initial supplies will commence in quarter 2 FY '26. Apart from this, we also expect supplies for one more fluoro molecule, which will be delivered in the next quarter as well.

Our CDMO division delivered good results last quarter. We have strong revenue visibility backed by robust order book for FY '26. Further, U.S. and Europe regulatory approval for label extension of the molecule under the European MSA is very encouraging. We also received scale-up order for another late-stage molecule with EU pharma major for supply in quarter 2 FY '26.

Looking ahead, we will be capitalizing on our robust relationship with global pharma innovators and we will continue to build a strong pipeline of early and listed molecules and leverage on our state-of-the-art cGMP infrastructure and R&D capability.

We continue to invest in people and capability across all the verticals to further enhance our technology platforms and manufacturing infrastructure as we progress in the next phase of growth. We shall remain focused on strengthening our existing verticals, expand our product portfolio and executing capital investment judiciously.

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. Before we turn to our financial results, here is a brief on the July 25 QIP. We raised INR750 crores by allocating 162,564 equity shares to qualified institutional buyers at INR4,680 each. The overwhelming subscription underscores strong investor confidence in Navin Flourine's business model. The proceeds from this fundraising will be deployed towards strengthening our balance sheet.

Let me now walk you through our consolidated performance for the quarter ended 30th June 2025. We have reported a revenue of INR725 crores for the quarter, reflecting a strong year-on-year growth of 39%. Operating EBITDA for Q1 FY '26 was INR207 crores with a growth of 106% compared to the same quarter last year.

The operating EBITDA margin stood at a solid 28.5%, a growth, of 935 basis points versus Q1 of last year. Operating PBT for the quarter was INR141 crores, reporting an increase of 143%. Profit after tax stood at INR117 crores in Q1 FY '26, compared to INR51 crores in Q1 FY '25, registering an impressive growth of 129%.

Operating cash flows for Q1 FY '26 is INR231 crores and net debt to equity stood at 0.34x prefund raise. With that, I would like to request that the call can open for any questions or interactions.

Moderator:

We have a first question from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain:

I got a few of them. First on the R32, Vishad mentioned in the opening remarks that we are in discussion with few international partners to extend the capacity. Now if I go by the quota determination formula, given our R22 capacity at around 10,000 metric tons and whatever we have sold during quota determination period of '24 to '26, it appears that we can go up to 26,000, 27,000 metric tons or probably a little more than that. Are we looking to harness the entire opportunity given that there is a strong demand for the product and the pricing looks much firmer than what we thought?

Anish Ganatra:

Sanjesh, you want me to take that one by one or do you want me to sort of -- you want to finish your questions and then I can answer?

Sanjesh Jain:

Okay. So then I'll ask the questions, so that's on the R32. Second, on the Nectar performance, again, we mentioned that we are expecting a significant ramp-up in the revenue this quarter. Have we received the PO and can you qualify that? Is it the INR300 crores what we were expecting from the anchor customer that's going to deliver? And that involves both the product or we are talking only the single product type? That's on the Nectar.

Third, on the capex plan, you -- Anish sir, in last quarter, you mentioned that you were talking more about capex plan. We did mention INR500 crores to INR600 crores now that we also have a cash on the book, which I thought we would look more to expand aggressively. Can you share more on the capex plan for FY '26 and '27? These are my questions.

Anish Ganatra:

Thanks, Sanjesh. And so let me take this one by one. The R32, your workings are ballpark correct in terms of what numbers you have. I mean will we be staking a right to our entitlement, I think the answer is a simple yes. The question is when will we do that? We will do that when we think the discussions are more firmed up with the large customers as we are making sure that, overall, the product realization on the basket is in the interest of the company and in the interest of the shareholders.

We feel that this is a product to nurture and at the same time, commercially manage the risk as we go into any expansion conversation. So that should answer your R32 question. Nectar, we have a firm order for the remainder period of the year. And absolutely, it will be ballpark in the number that you talked about, give or take some points here or there, right? But is it for a single product or both the products? I mean the question is the customer has actually asked us to prioritize the new molecule earlier and as a result of that, as we speak now, we are already under a modification to make that product.

So that is -- that will be our primary focus to deliver, and we expect those deliveries to start within Q2 itself. And then as we come towards the end of the year, we'll go back to the original molecule too. So it will deliver the -- what we have said, half the PAR this year and the PAR for next year, yes? That's what we are on track for.

Now the capex frame we had mentioned was INR500 crores to INR600 crores, as you rightly said. With the fund raise, I think it's fair to assume that our capex frame, and remember, I'm talking of the capex frame here, will be expanded to INR700 crores to INR1,000 crores, which means that is my bandwidth to spend capex.

Of course, we will only do this for the right project for the right value. So that is something that we are progressing in a very disciplined way. We have a hopper of projects that we continue to mature and as they mature to an investment decision, obviously, we take it to the board and announce it to the market. For that you'll have to be patient.

Sanjesh Jain:

And this INR700 crores to INR1,000 is what we are talking for FY '26, right, Anish? Or this is '26, '27...

Anish Ganatra: No. I'm talking of the capex frame. As this is my -- if you look at the financial framework, we talked about our net debt to equity, we talked about what is the capex frame. So this is to give you guys an indication that this is the kind of capex Navin would undertake, maintaining solid financial ratios while continuing to hold to strength and the flexibility in the balance sheet. But which projects we are trying, I will not second guess at this stage.

Sanjesh Jain: No, that's clear. We'll wait for the Board approval for more detail, but this is helpful. Just one last question. We were talking of 25% margin guidance, we are at 28%. Do you want to relook at the guidance for FY '26?

Anish Ganatra: So Sanjesh, I don't think there is a binary answer to that. But I think what might help us is to look at we were in Q1 of FY '25 at 19.5% and we are today at 28.5%. So you're talking roughly about 930 basis points is what we are talking about. If you look how that growth has come through, 2/3 of that has come through operating leverage and 1/3 has come through pricing and environment, what one may call as that.

Now obviously, a lot of that contribution on the pricing side is coming from the strong R32 refrigerant gas pricing environment. For the ones that we are talking on operating leverage and the efficiency that we are bringing into the system, there is a lot of effort that the team is continuing to do and will continue to do.

We've always said that we will not leave any prize on the table, and the team will continue to work with steadfast focused on manufacturing excellence, ensuring that assets are brought up in time, assets are operated to their optimal capacity and the cost saving focus continues. So while I would say that I think there is reasonable confidence to say we'll be north of 25%. I don't think we are at the stage where we would like to update the guidance today. Let this cement for a couple of quarters and then we can revisit this conversation.

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

Jason Soans: Sir, just wanted to understand, in terms of the agchem recovery, last year was a pretty weak year for that. And now I just wanted your take on how the recovery is taking place in terms of inventory rationalization. Is it done? What are the customers' commentary? What are you hearing from the customers? Just wanted some color on that.

Anish Ganatra: So I think it is pretty consistent with what we've always sort of communicated. See the inventory stocking issue is long gone. I think the Chinese intense competition, which we've talked about before, continues to remain, pressure on pricing remains, volume recoveries in the second half, we are definitely seeing that come through.

In terms of the inquiries and the conversations, there is no doubt about that. We have a solid order book also for the specialty of the agchem side. But one has to remember, this is not sort of -- the conversation is not so much about hockey stick recovery. There will be slight recoveries

on volume, and most of that could be eroded with pricing pressures too. So it's pretty much sort of flattish to slightly up kind of conversation we are talking about.

For Navin, you should kind of see, the way I would put it is, we are bringing up the whole new capacity year-on-year. so Sanjesh just asked the question on Nectar and that itself is a Y-on-Y increase if you start to think about the numbers for Navin. And that is protected under a long-term contract order.

Jason Soans: Okay. And next question just pertains to the CDMO space where you basically target pharma. So just wanted to understand, sir, when you're targeting advanced intermediates there in the CDMO business, the CRAMS business. So how do you target molecules, which areas or which therapies are our forte? Just wanted to understand from that sense, like how do you target molecules to scale up.

Anish Ganatra: So the way you should look at our CDMO business is about capabilities and platform and technology to sort of -- it's a service play that we are in that space. Our strength comes from handling complex chemistries and complex synthesis, right? In fact, if you remember, a couple of -- I think it was last year, when we renamed CDMO division of Navin as Navin molecular.

The idea being that we can play across all the sort of innovator molecule composition in this space. And again, our focus here on growth has been quite sort of balanced. We've changed the strategy, as we talked earlier also to balance late-stage and commercial with early-stage molecules, right? And that is yielding very good positive results.

I mean the Fermion label extension is very, very encouraging. We already have a solid order book from Fermion for FY '26. In fact, I could almost say for calendar year '26. And also the order for a new late-stage molecule from a EU major is also working in the right direction from a strategic point of view. Simultaneously, we are also working with a new EU major for another molecule, which is in the late stage commercial stage, yes.

Jason Soans: Okay. So overall outlook, sir, does look positive on the CDMO front?

Anish Ganatra: It looks positive. I think we have progressed towards the aspirational number that we set for FY '27, yes.

Jason Soans: Sure, sir. And sir, lastly, just wanted to understand in terms of the ref gas. Of course, pricing trajectory has been on an uptrend. Q-o-Q, probably it has been around 20% levels. So just, sir, if you could give us some color on -- in the growth, how much is volume led, how much is pricing-led? Would that be possible? Just some color on that.

Anish Ganatra: So I'll tell you, typically, for us being in the business, we don't speculate on prices. Our logic is very simple, where we will play and make sure the product is placed for value, wherever it is placed. So whatever scenario we are operating in, our thinking will always be around the fact that we attempt to make sure that the product is placed for value.

There is a strong demand tailwind here and the focus of the management is to ensure that on a basket level, you place the product in different geographies aligned with our strategic priorities so that overall realizations are better. But we don't second guess on pricing. It's too difficult to know.

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

Rohit Nagraj: Congrats on a very strong set of numbers. Sir, first question is on the specialty chemicals front. So last couple of quarters, the commentary that at least in the PPT, we are optimally utilizing the Dahej and Surat capacity. And in your opening remarks, you have said that there is a strong demand momentum backed by firm POs.

So -- and we don't have any material capex which is planned for this. So how these two things are gelling together that there is a demand, but capacities are optimally utilized so is there any incremental upside from the further optimization of these capacities or our period of execution will be shorter for any incremental capacity that we require based on the POs?

Anish Ganatra: So again, last time we had talked about saying that we are at 80%, 85% of the capacity and a that was more in context of the Dahej. Typically, the way we operate this business is we operate it, looking at our plants, both MPP plants in Dahej as well as in Surat and combine and optimize those in terms of how we map different products, right?

So is there an opportunity to grow from the baseline itself? Absolutely. This quarter, if we look at it, Dahej has operated at 70% sort of -- and I'm talking this more in terms of PAR because I'm sure you understand that from an MVP point of view, every molecule has a different batch cycle time, etc. So it's difficult to give you one standard thing in terms of tonnage.

But in terms of PAR, if you look at it, we've done about 70% at the Dahej plant. There is room to grow, no doubt about it. But also remember, when you look at Navin, again, I will reemphasize the fact that the growth coming in this year will also from the large fluoro specialty plant that we have put in, which was the INR540-odd crores of investment. Half of that par is going to be a new revenue coming in materially there, new revenue coming in this year.

Rohit Nagraj: Yes, got this. And just again, on the second half of the INR540 crores project, where we will have to find the new customers how are we progressing that...

Anish Ganatra: It's already in place and we are reasonably confident of hitting the full par by FY '27.

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

Ankur Periwal: Congratulations on strong set of numbers. So first question on the capex guidance that you shared around INR700 crores to INR1,000 crores on an annual basis. Just trying to understand from an end application perspective, are we also including pharma here from an expansion perspective? Or is it largely specialty and the other areas that you're looking at?

Anish Ganatra: Okay. So Ankur, as we said before, we have also apart from the 3 verticals, we're also incubating advanced materials, right? So the capex allocation that we are talking about, we don't do this by vertical, to be honest. We do it in a sort of a very disciplined way. First, that it has to align with our strategic priority. We decided to play that in a product play or if we decided to enter in a new vertical, there will be preference to allocate capex over there.

Obviously, the next thing are the economics and the commercials around it, right? So we try to bring the best from what is good for the company in the long term and for the shareholders in the long term. We don't sort of preallocate the capex, which is the idea of giving a capex frame because capex frame is agnostic, it is reflecting the strength of my balance sheet over the next couple of years that this is the range of capex I can sort of incur without having to worry about any intervention.

Ankur Periwal: Sure. Yes, makes sense. So just a follow-up on that. From a -- you did mention are planning to expand into electronic chemicals as well as the advanced material there and when you say that, does...

Anish Ganatra: Sorry, can you repeat...

Ankur Periwal: Yes. No, I'll repeat. So you did mention of expansion into electronic chemicals, advanced materials, etc. Are there any active dialogues going on right now? Or these are more work in progress?

Anish Ganatra: Absolutely, absolutely. There is a lot of work happening in that space. The exclusive arrangement we announced with BCT in the last quarter was a step in that direction. The Chemours advanced materials is also in the same direction. Additionally to that, there are several other conversations both in the semicon space as well as in the applications that are relevant for high-value environment like data centers, etc.

Those are pretty much ongoing. We are establishing -- Nitin, Vishad and -- I'll let Nitin add a bit at the end of this conversation. But Nitin, Vishad are continuously meeting new customers on this front, and we're seeing how best to sort of access the growth over there in a meaningful way.

Nitin Kulkarni: So Ankur, just to add on what Anish said just now. So in this advanced materials segment also, it is going to be product as well as the service play. And the development environment, the analytical infrastructure, the skill set to bring the product from the early-stage development to the pilotation levels and then to reach to the new standards of this requirement of this industry.

So fortunately, we have developed that infrastructure skill set by partnering with the right stakeholders in this journey for both products as well as service play. And so this is just beyond the electronic-grade HF.

So we are really looking at the basket of products, which normally requires to be showcased in this industry to become a significant player and electronic-grid HF is just a stepping stone. And based on that, we are also revolving the other product portfolio and a lot of developments are happening on that front also. So please consider this electronic grade as the starting point with a couple of other products which are across either in the development stage and in the pilotation stage.

And again, the end-use industry is same, as Anish was saying, so our focus is how we can expand our product portfolio in data center, high-end data center. Even in semicon, we are looking at the niche in the photoresist type of applications. So this is end of the day, the high-value environment, which we are going to -- which we are targeting with the skill sets and the infrastructure which we have developed.

Ankur Periwal: Yes. So just one small question on the CDMO side. Congratulations for the new molecules, especially the late stage one wherein we are making further inroads. How do you see the mix between late stage and the early stage ones panning out as we look at our \$100 million target there?

Anish Ganatra: So Ankur, I mean, in terms of the number of molecules, I think we've always said that our idea will be that at any given point in time, we will have about 40%, 50% of early stage and 60% to 50% of late stage. Of course, in terms of value, the late stages -- we'll start late stages incl. commercial, we'll start to occupy a bigger share because that's the game, right?

But the priority will always be balanced because as we sort of mature this business, the idea is that the early stage at some point will become the future stages in commercial. So we will make sure that the balance is kind of maintained. In fact, even for this quarter, that's the kind of ratio.....

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

Krishan Parwani: Congrats on a very strong set of numbers. Two from my side. First, on CDMO, when will Phase 2 of cGMP4 capex of INR128 crores begin? And which customer will it be for? Any of the EU majors or U.S. majors that you have mentioned in the presentation?

Anish Ganatra: Yes. What's the second question, Krishan?

Krishan Parwani: So which customer will it be for? Any of the EU majors or U.S. measures that you have mentioned in the presentation.

Anish Ganatra: So CDMO, the Phase 2 INR128 crores will basically be triggered of as soon as we have greater visibility on any of the customers, that's the capacity we are building in a scalable and modular form. From the way we look at currently, it looks very high possibility on the EU major product. But it's early days when we get to that, we would sort of certainly look at it that way.

Our idea about the CDMO business is actually to make sure that whenever the capacity utilization of the plant hits 60% or more, it start triggering the cost for the next capex investment because you're always going to need that sort of headroom to continue to grow.

Krishan Parwani: Understood. Very well explained, sir. And second question is on the AHF part. So given you are expecting commercialization of HF soon. When do you expect merchant sales of, let's say, diluted HF first and probably the solar and electronic-grade HF?

Anish Ganatra: So merchant sales, some of that will start actually this year itself. Solar and high purity, let the Buss Chem work get done. We are currently in detailed engineering stage. When that sort of gets done and we start putting in more capex, obviously that will come. Our focus will be mainly in the electronic space as opposed to the solar space.

It's kind of aligned with our thinking that in most of the places, we will be only in the niche products. We will not be in something that is towards getting commoditized. So a good example of that is the Chemours announcement that we did that's the kind of niche application we are going to be working on and we are progressing some of the discussions along those lines. And then as I kind of specifically called out the fact that the focus is on electronic application rather than solar.

Moderator: The next question is from the line of Nilesh Ghuge from HDFC Securities.

Nilesh Ghuge: So my question is on the Chemours project. The project is expected to commission in just 1 year time. So at what stage the project is currently? And once it's commissioned, so how quickly we can achieve the optimum level? And what kind of revenue potential you see from this project?

Anish Ganatra: So again, Nilesh, I think we've talked -- I'll take the last question first because that's the most easiest. We are not allowed to talk on the revenue asset turns or capacity under the commercial arrangement with Chemours. We've already clarified that previously. So I will not take that bait again. .

The other sort of point about where are we today, the work is going on, projects is already underway. The teams are working together, detailed engineering is being progressed on that and we are on track for the first quarter of FY '27 is when we said we would start commercial production, that's when we will start. This is -- I mean, from the size of the capex, you know this is a small capacity plant, it's to help accelerate the adoption and therefore, achieving optimum will be pretty quick.

Moderator: The next question is from the line of Arun Prasath from Avendus Spark.

Arun Prasath: My first question is on the Nectar project where the dedicated capacity, we said that we have very firm order for the calendar year '26. And these volumes represent what kind of capacity utilization for the dedicated portion?

- Anish Ganatra:** Okay. So I mean, yes, you're right that we have firm orders for the dedicated capacity. For the dedicated capacity, it'll represent 100%, which is 50% of our overall capacity and which is why we said that half of the par will come this year and the full par will be achieved next year.
- Arun Prasath:** Right, sir. So the firm order that we are talking about as a percentage of, say, the dedicated capacity, what would be that indicative utilization?
- Anish Ganatra:** 100% of the dedicated.
- Arun Prasath:** 100%. Okay.
- Anish Ganatra:** Yes. That was always the plan, Arun. The plan was that in the first year, we would run the dedicated capacity to its peak, that's how the ramp-up would happen. And in the second year, we would sort of take the capacity for our own captive thing with the first year also producing some extra material to complete the validation for the captive portion.
- Arun Prasath:** Second, on Fermion, we said that for our calendar year '26 delivery, how much of that is dependent or connected to our Phase 1 startup? I mean if Phase I of cGMP4 gets delayed, we will be slipping up on the delivery on this?
- Anish Ganatra:** So I don't know why you say Phase 1 is getting delayed. We have not said that, Arun. But how much of that is -- so you know the way this works with Fermion, again, commercially this is 3% of their value, right? We are working very, very closely with them on the project. They are with us on the ground monitoring the project along with us all the time. So if there was any doubt in anyone's mind of a slippage, you wouldn't have the orders in your hand.
- Arun Prasath:** No. I was just wondering what can lead us to kind of miss this dynamic...
- Anish Ganatra:** We're not envisaging anything. So there is enough room here for Fermion even today. And this is just to say that we are in the CDMO journey. And we've said this before, just from the phase 1, 2 and 3, we can do revenues up to \$55 million, \$60 million. So that's not a problem. With the phase 3 and phase 4 coming in, phase 1, we are on track for that. So there is room to -- there is flexibility within the asset to manage any unforeseeable event, so to say, but not that we are expecting any.
- Moderator:** The next question is from the line of Abhijit Akella from Kotak Securities.
- Abhijit Akella:** Just one question on the specialty chemical quarterly revenues. So INR219 crores this quarter seems to be somewhat lower than I think INR257 or so last quarter -- sorry, INR259 last quarter. So if you could please just help us understand what the reason for that is?
- Anish Ganatra:** No, you're comparing with Q-on-Q, is it?
- Abhijit Akella:** Yes. March quarter versus June.

Anish Ganatra: Yes, I think you -- yes, that's what you are doing. So these are campaign driven. I mean, Abhijit, as you are aware, the campaigns are what drives the full utilization. Like I said, last quarter, we had 80%, 85% utilization. This quarter, we are talking of about 70% utilization. So I wouldn't read anything beyond that.

You should look at this from a full year point of view. And even in this environment, it should be -- we feel that we are in a very good place, one, because of the base order book that we have and plus the new capacity that is coming in. That will drive decent growth in the spec chem when you consider year-on-year.

Abhijit Akella: And the other one I just had was on the seasonality of the HPP vertical just given that R32 is a newer product for us and going into maybe some newer areas, geographies, etc. So if you could please just understand, is this a good number, the 1Q number to sort of assume for the -- for the remaining quarters of the year? Or could there be some seasonality?

Anish Ganatra: I mean, there is -- if you know how these products get sold today, there's more export versus domestic demand on this. So there is a good sort of balance of both when you look at the overall portfolio. And I think the run rate that you are seeing in this quarter is a good run rate to hold.

Moderator: The next question is from the line of Meet Vora from Emkay Global.

Meet Vora: So my first question was on R32. What I understand is that we have done the earlier expansion at significantly lower capex because maybe we have converted some existing assets like we have expanded around 5,000 tons at INR80 crores of capex.

Now if we plan to expand it further, I just wanted to understand whether the capex would be relatively large compared to our previous expansion? And also by what time should our capacity come on stream, if we wanted to be considered fully for the quota calculation or quota consideration?

Anish Ganatra: So, Meet, I'm just kind of struggling with your comparison on the earlier capacity. Both our R32 plants are roughly in the same range of capex.

Meet Vora: No, what I'm trying to understand is if we expand further, the next level of capex will be more greenfield in nature versus what we have done previously.

Anish Ganatra: No, no. Both are -- I mean, it's the same, it's all about -- we have not done any conversion from anything to anything. It's basically fully shut down that asset base. So we don't think that -- I don't know where you're getting the info, but it's kind of -- it's not a question even in our mind, to be honest.

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

- Siddharth Gadekar:** So, Anish, can you just give us sense on those realizations between electronic-grade HF and the current HF that we would be selling in the external market? And what would be the margin difference between the these 2 products?
- Anish Ganatra:** So Siddharth, that is a great question. Unfortunately, we will not share specific numbers on it, but rest assured that our whole idea of going into an electronic grade is to get into more and more niche applications. As you get into niche application with better level of chemistry and synthesis, you are going to get into a higher realization per kg of HF. And that is the driver, which is why we've very clearly taken a call to stay away from anything that's not niche.
- Moderator:** The next question is from the line of Surya Narayan Patra from PhillipCapital India.
- Surya Narayan Patra:** Congrats for a great set of numbers. My first question is on the specialty chemicals side. The 3 molecules that we are talking about starting from the next quarter. Could you give some more color to it, sir, what is the nature of the product? And in terms of size, scale and all those kind of things.
- Anish Ganatra:** Yes. So firstly, Surya, those are actually in this quarter, the quarter that we are currently talking in. So it's in Q2 quarter as opposed to Q3. I'll just clarify that. The other thing is there are 3 molecules, but 2 of them are large enough or have the large enough potential to be calling out at us for investment. So -- but that we will have to wait and develop. We are starting the supplies now. And as that matures and develops and we know what the -- we can see the size of the opportunity materializing, we'll definitely look at expansion.
- Surya Narayan Patra:** Okay. It is for an existing patented molecule kind of thing or it could be a generic opportunity, hence ramp-up could be quick? How should one think that way?
- Anish Ganatra:** So this is all for a new AI. We're talking for a new...
- Surya Narayan Patra:** One clarification about the HF project, sir. What is the service angle that you have mentioned about this HF project?
- Anish Ganatra:** Service angle for HF?
- Surya Narayan Patra:** Yes. Nitin sir was mentioning it...
- Anish Ganatra:** Sorry, can you just elaborate a little bit more so we can relate to it?
- Surya Narayan Patra:** No, in fact, in the opening remark, Nitin sir mentioned about a service angle apart from the product angle for the HF project...
- Anish Ganatra:** So what that means is if you look at our approach, we have got an approach where we do a product play and where we do partnerships or service with large majors like Chemours, like in Honeywell and the likes that we are talking about. Now in the area where we've got the technological capability, we've got the ability that is adjacent to our own capability plus we have

the capability to place the market and call the market, then we will do that in the area where we think the best value for shareholders is accessing through a partnership lens, that's what we will do through a partnership lens. So that's what he mean by product service.

Moderator: The next question is from the line of Bhaskar Chakraborty from Jefferies.

Bhaskar Chakraborty: I wanted to ask that U.S. has announced a 25% tariff on India plus some additional penalty because of our links with Russia. So how does that impact our exports to Honeywell and the rest of the exports into U.S.?

Anish Ganatra: So Bhaskar, your voice was a bit -- there was a lot of disturbance in the audio, but I'm taking you're asking about the tariff question. I mean that's really hot on the press, right? I mean, so you picked up the question as it's come in. But you've got to think of Navin in 2 ways that we are 20% of sales, fy25 basis, where are we exposed to the U.S. market directly. So in a sense, we've got an exposure to some of our refrigerant gases, which we are covered under ADD duty. So there is not much of an impact there.

Sorry, somebody -- there's some background noise from somewhere. The other thing to remember is where we do have a contract and supplies under existing long-term contracts. It's too early to talk about the consequences of the impacts. But also, we don't know about this tariff, how it will apply, where it will apply. And this is all sort of -- it's too early, to be honest. Let us look at it, and it's ultimately going to be a relative game and also important to understand is this going to be a permanent thing or is it a temporary thing until a deal is reached.

Moderator: The next question is from the line of Yash Shah from Aditya Birla Life Insurance.

Yash Shah: Sir, it was more of a clarification question. Did you mention, sir, what kind of growth can be expected ex of Nectar in the specialty chemicals business for FY '26?

Nitin Kulkarni: All we talked about is the par that we've indicated, half of that par is very fairly reasonable to expect that will come in FY '26. I'll let you do the math, Yash.

Moderator: The next question is from the line of Arun Prasath from Avendus Spark.

Arun Prasath: Thanks for the follow-up opportunity. Sir, we -- for all the plans we have on consuming the new AHF capacity, whether it is R32 or the specialty grades AHF, by which time period we have a visibility to kind of completely go 100% on this AHF plant?

Anish Ganatra: So Arun, again, strategically, we've always said that we are going to drive value here. So the game here is going to be value over volume. Eventually, our game will be to try and get more and more for every kg of HF. This plant has been setup to meet our long-term requirements and not necessarily near-term short-term utilization. There will be some sort of temporary stuff we do from merchant, etc, but that's temporary. The ultimate game is to not leave the prize on the table.

- Arun Prasath:** Understood. So does this mean that this year, we will be -- I mean, we always said that merchant -- I mean replacing some of the imports into India by other merchant sales. That plan is on track irrespective of what we do with the specialty grades.
- Anish Ganatra:** Sorry, what plan?
- Arun Prasath:** Some of the merchant sales in India.
- Anish Ganatra:** Yes. So if you look at Navin, Navin had a merchant sale footprint of about 6,000, 7,000 metric tons even a couple of years ago. So obviously, there is a market and there is value to be achieved in the near term, we will do it. But that is not something why we set up strategically the plant. The plant is to set up strategically to go downstream into more and more niche products and derive greater value per kg of HF rather than place the volume. So it's a value over volume strategy, not necessarily a volume strategy.
- Arun Prasath:** Understood. Sir, one bookkeeping question. This quarter, the absolute domestic sales on CDMO seems to be very, very low. Any particular reason or we should just see it as a blip in the radar.
- Anish Ganatra:** No, usually, our CDMO sales have always been with a very strong export bias. In between, we were supplying at the behest of our global customer to another service provider, another of their service provider in India. So sometimes, the export domestic splits don't tell you a lot. They raise more questions than they answer it.
- Moderator:** Thank you. That was the last question for today. On behalf of Navin Fluorine International Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.