

# Navin Fluorine International Limited

## Investor Presentation

February 2016

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# Navin Fluorine International Limited



**Largest Integrated Specialty Fluorochemical Company in India**

**Building “India’s only plant with high pressure fluorination capabilities with cGMP compliance” for CRAMS Business**

**Manufacturing plants strategically located closer to major ports**

**Over 45 years of expertise in Handling Fluorine**

**Strong Clientele base in India & abroad, including Global Innovators**

**Pioneers of Refrigerant Gas manufacturing in India**

**“RESPONSIBLE CARE” certification**



# Fluorine Chemistry - A Growing Landscape

Global demand for Fluoro-chemicals in 2018 to reach  
4.0 Million MT , with CAGR of 4% per annum



Pharmaceuticals



Agriculture



Electronics



Steel



Solar / Energy



Aluminum



White Goods

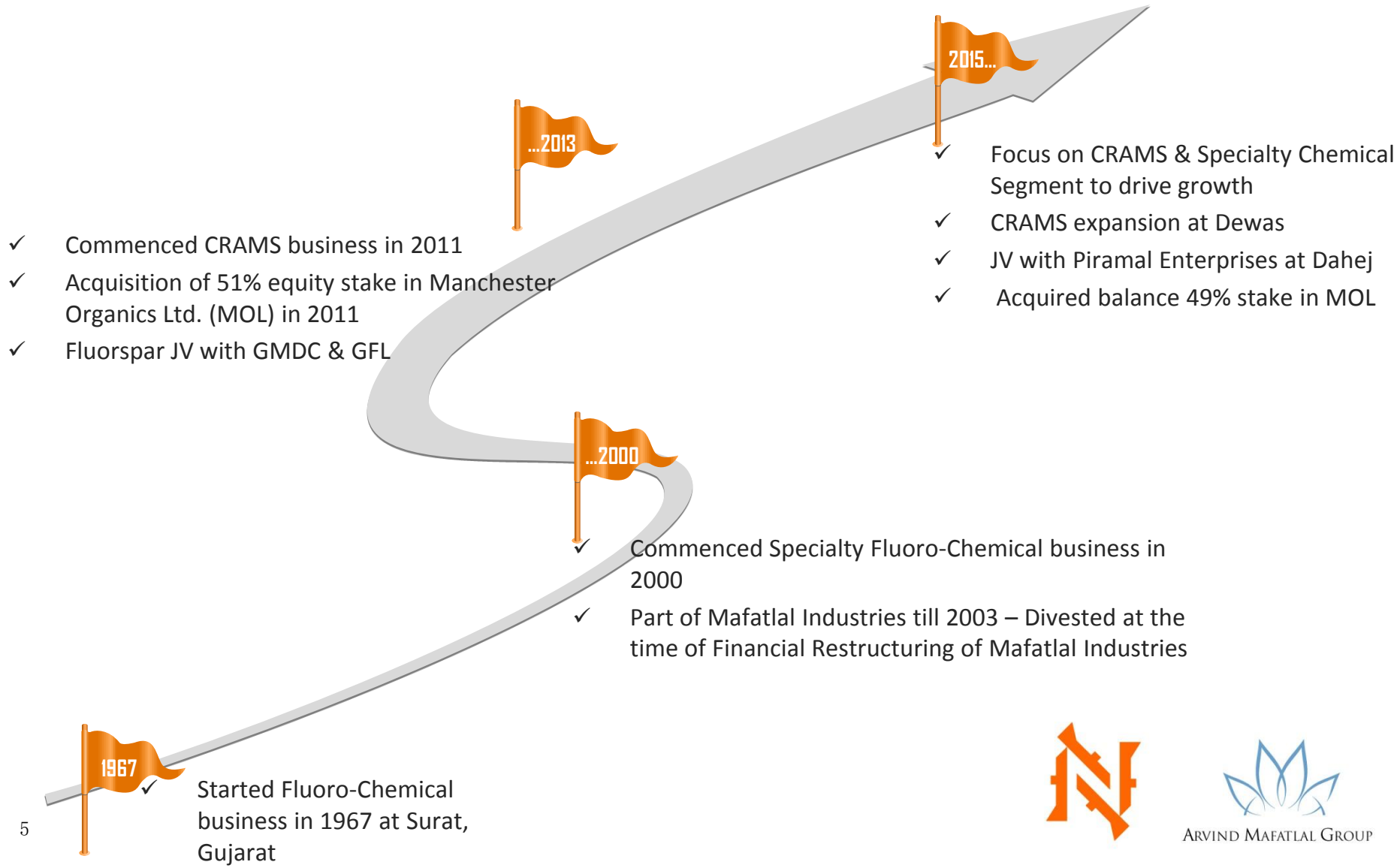


Automotive



Glass

# Evolution of NFIL



# Professional Management



**Mr. H.A. Mafatlal – Chairman**

## Professional Team ....

### **Mr. Shekhar Khanolkar : Managing Director**

Chemical Engineer with Masters in Management studies and an alumni of Harvard Business School  
Spent more than 21 years in the Chemical industry with both Indian & Multinational Chemical majors  
Been on the Board of the Company since 2008

### **Mr. Sitendu Nagchaudhuri : Chief Financial Officer**

Fellow Chartered Accountant, having an experience of more than 24 years in Corporate Finance & Strategy Leadership roles with various Transnational & Indian corporations across diverse sectors within India and abroad

### **Dr. Ashis Mukherjee : President – CRAMS / CTO**

Postgraduate in Science from IIT & a Ph.D. from Princeton University  
Total experience of more than 21 years in Pharma, R&D & CRAMS  
Spearheading the CRAMs initiatives of the Company since 2009

### **Mr. G.C. Jain : President – Operations**

Chemical Engineer and has a Diploma in Management Studies  
Total work experience of 34 years in plant operations in India and abroad  
Been with the Company since 2011

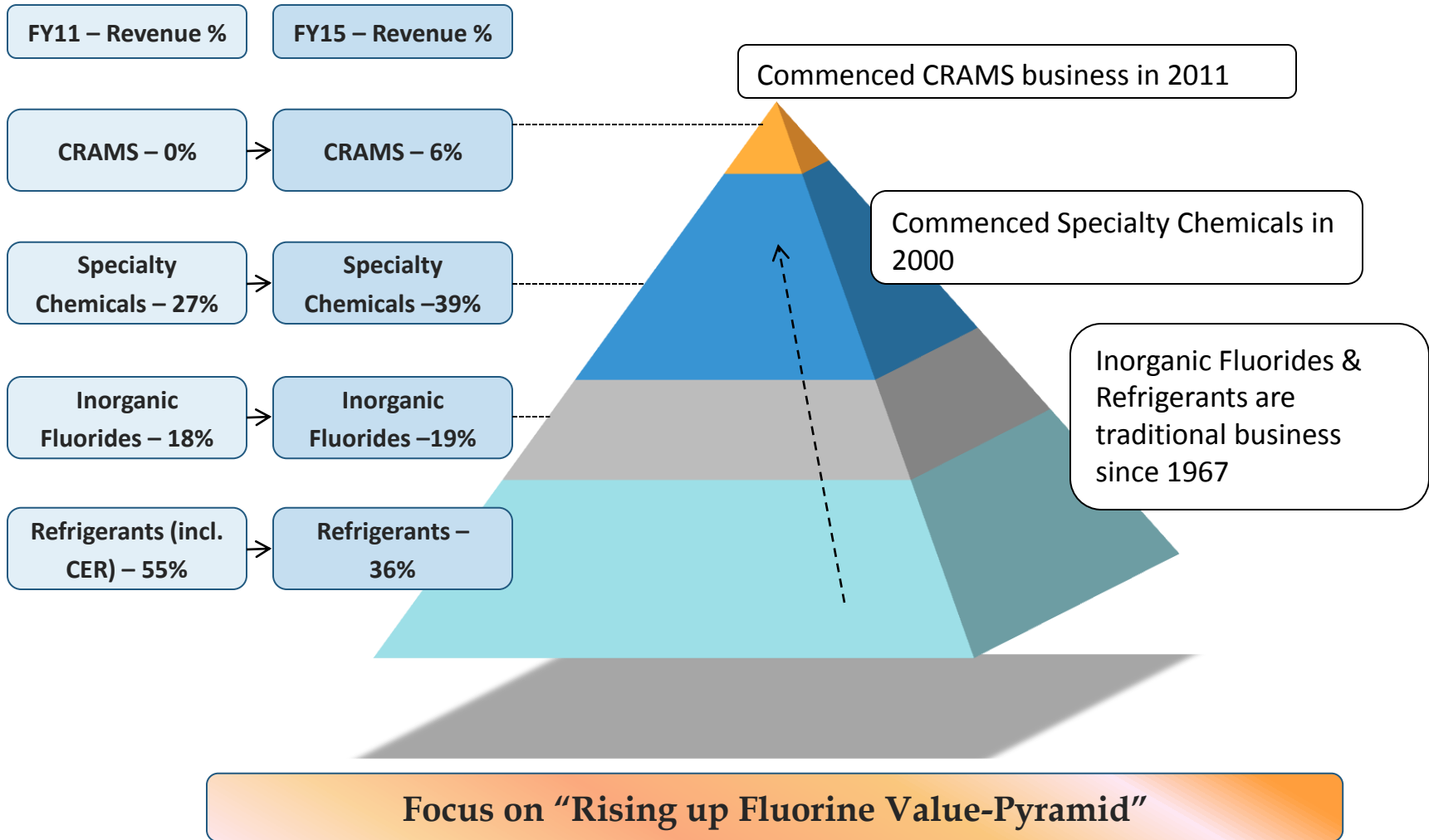
### **Mr. Niraj B. Mankad : Vice President – Legal & Company Secretary**

Graduate in commerce with a degree in Law and a member of ICSI  
Total work experience of more than 21 years and has been with the group since 1992



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# Business Units (BU) - Standalone



# Refrigerants Inorganic Fluorides

*Sustainable and Stable BUs*



# Refrigerants : Growing Demand for Non-Emissive applications



Product Offering



User Base



Distribution Network



Export Outreach

- |   |  |   |  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>✓ Pioneered manufacturing of refrigerant gases in India in 1967 in Surat, Gujarat</li> <li>✓ MARFON – Brand has become generic name for refrigerants in India</li> <li>✓ Currently, manufactures only Mafron-22 (HCFC-22)</li> </ul> | <ul style="list-style-type: none"> <li>✓ Used in Residential Air Conditioning</li> <li>✓ Used in Industrial / Commercial Cooling</li> <li>✓ Increasingly being used for non-emissive purposes such as feedstock in Pharmaceuticals Industries</li> </ul> | <ul style="list-style-type: none"> <li>✓ Strong Distribution Network of over 120 dealers in domestic and overseas markets</li> <li>✓ Preferred Choice for OEMs, Service Technicians and Equipment Owners</li> </ul> | <ul style="list-style-type: none"> <li>✓ Exports to South-East Asia, Middle East, Saudi Arabia, Turkey, Egypt &amp; South Africa</li> <li>✓ Caters to OEM players as well as replacement demand in Overseas Markets</li> </ul> |
|---|--|---|--|



# Inorganic Fluorides : Growth from Exports



Product Offering



User Base



Distribution Network



Export Outreach

- ✓ Portfolio includes 8-10 products
- ✓ One of the largest Anhydrous Hydrofluoric (AHF) and Aqueous Hydrofluoric acid manufacturing capacities in India

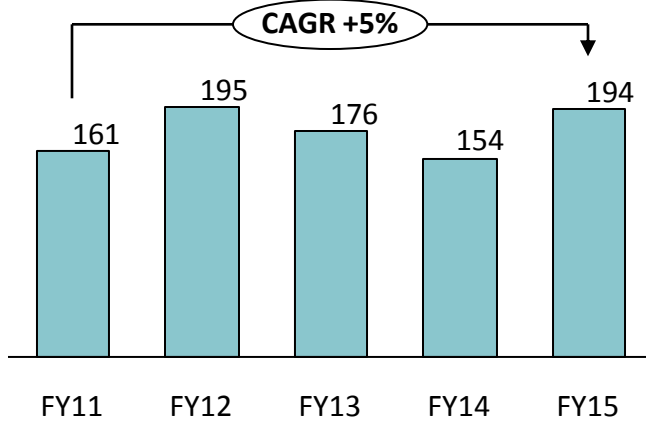
- ✓ Oil & Gas Industry
- ✓ Stainless Steel
- ✓ Pharmaceuticals & Agro chemicals
- ✓ Used in Abrasives
- ✓ Used in Solar Panels

- ✓ Developed Strong network in India
- ✓ Presence in all major user companies

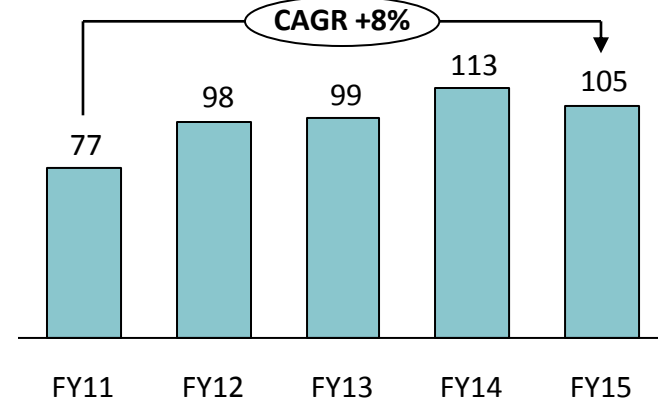
- ✓ Growing exports
- ✓ From near Zero to ~10% of the turnover in FY15

# BU Performance

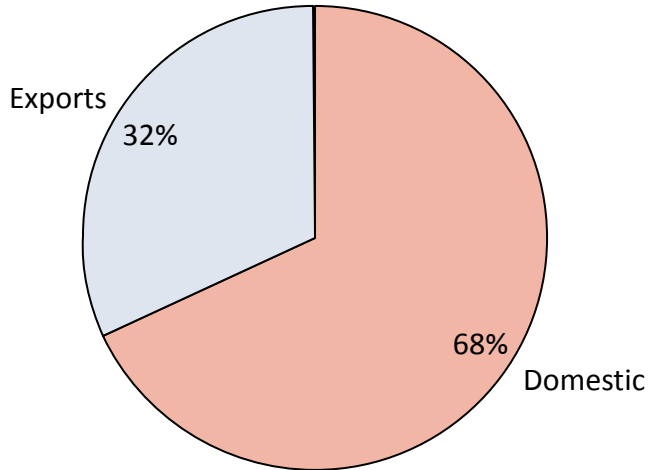
## Refrigerants



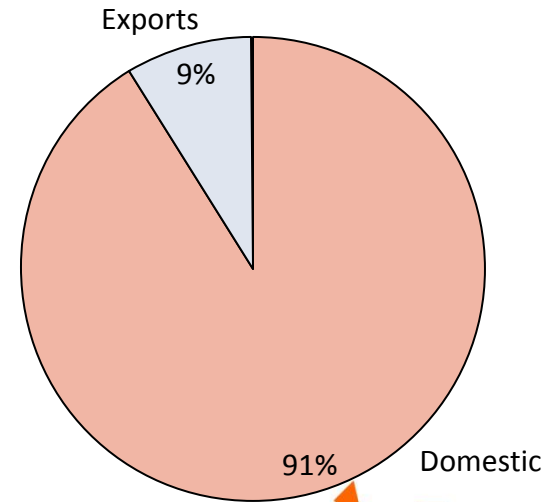
## Inorganic Fluorides



Revenue (Rs.Crs)



Geographic Mix – FY15



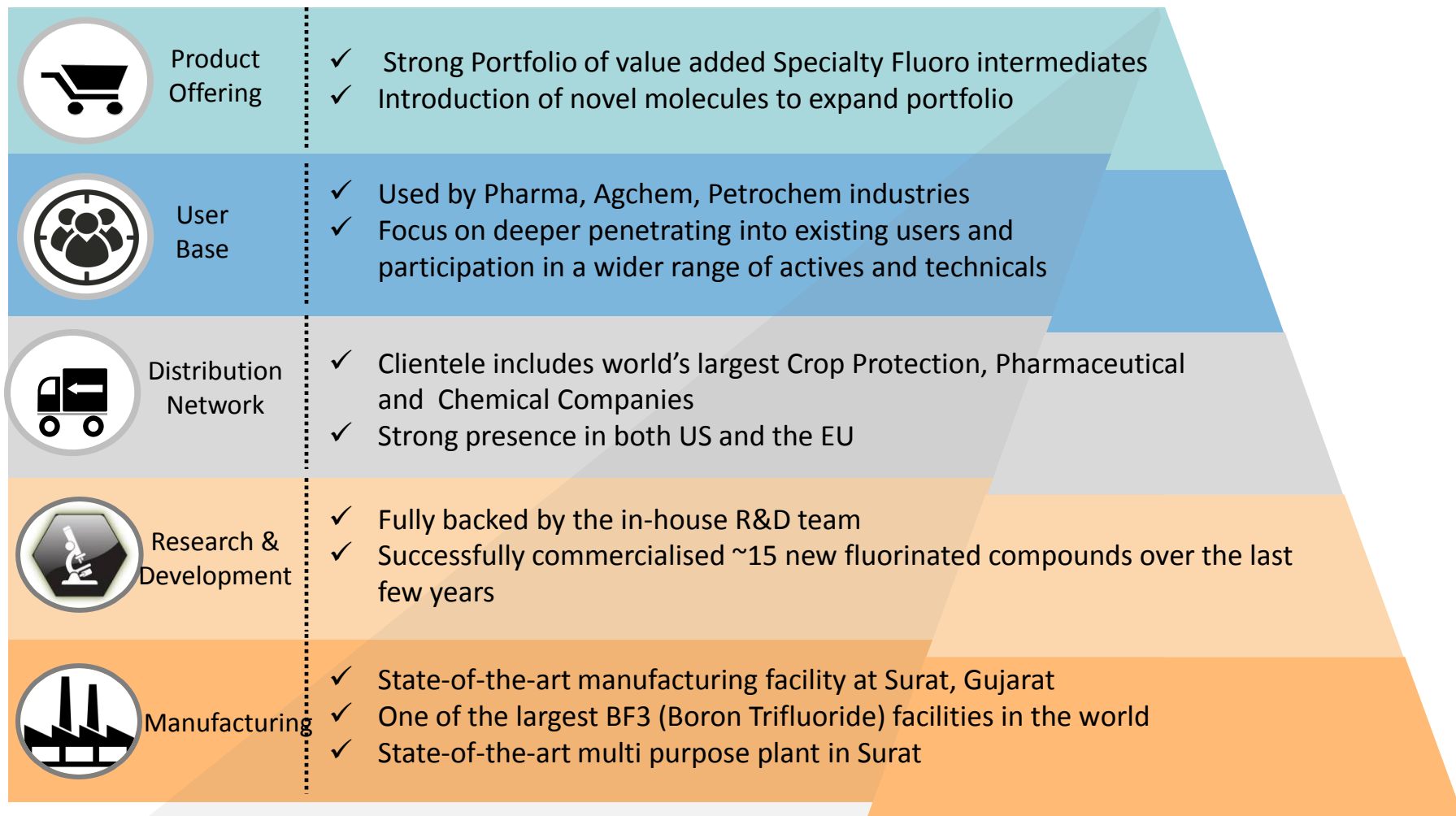
# Specialty Chemicals

## CRAMS

*Driving up the “Fluorine Value chain”*



# Specialty Chemicals : Growing product basket



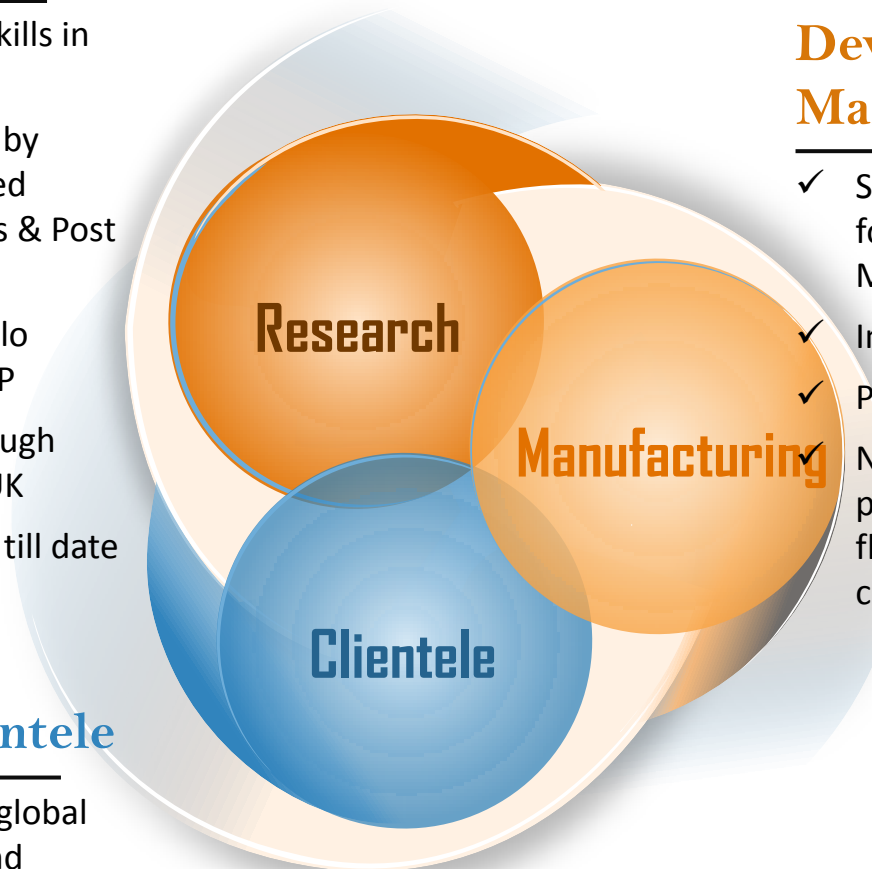
# CRAMS : Scalable Growth through INNOVATION

## Strong R&D

- ✓ Leveraging our proven skills in Fluorination Chemistry
- ✓ State of the art R&D led by qualified and experienced chemistry teams of PhDs & Post Doctorals
- ✓ cGMP Pilot Plant with Kilo Laboratory at Dewas, MP
- ✓ European presence through Manchester Organics , UK
- ✓ Worked on 50+ projects till date

## “Fortune 500” Clientele

- ✓ Client relationship with global Innovators in Pharma and LifeScience Industries
- ✓ Worked with more than 20+ Global majors



## Developing Contract Manufacturing Base

- ✓ Setting up manufacturing facility for multi-ton batch size, at Dewas MP
- ✓ Investment of Rs. 60 Crs
- ✓ Plant getting on-stream
- ✓ New Facility will be “India’s only plant with high pressure fluorination, cGMP compliant capabilities”



# Manchester Organics - In Perfect Synergy with CRAMS



✓ Established in 1996, Manchester Organic Ltd (MOL) has a strong legacy in fluorination and high pressure chemistry

✓ Offer over 60 years of combined chemistry experience to customers

✓ Specialist in fluorination technology, with expertise in general organic synthesis at all scales

✓ Milligram to multi-kilo research/production facility in the UK with high pressure/specialist fluorination facility

✓ Continuously expanding product catalogue of over 40,000 compounds, some exclusive to MOL

✓ Works directly with R&D Team of Innovator Pharma Companies

✓ Acquired 51% stake in May 2011  
✓ Acquired balance 49% in Oct 2015

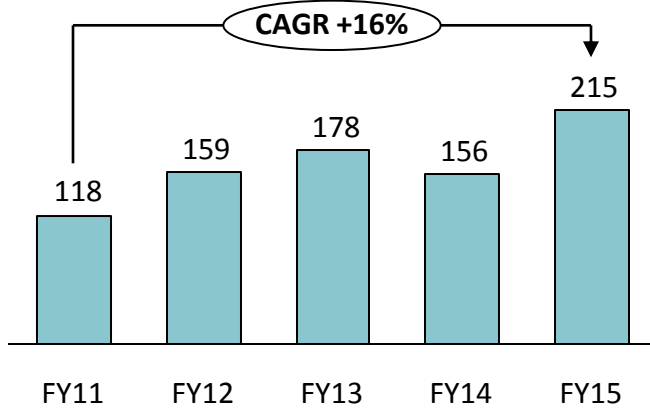
✓ Works directly with R&D Team of Innovator Pharma Companies



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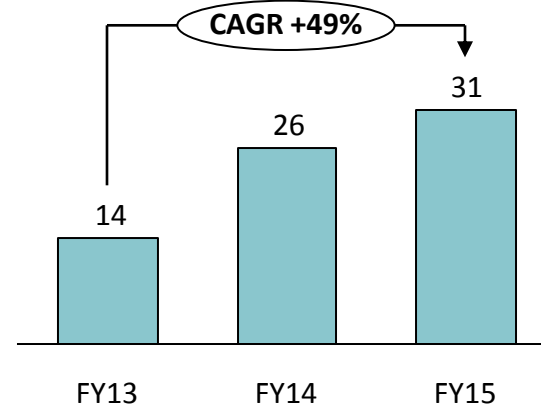
# BU Performance

## Specialty Chemicals

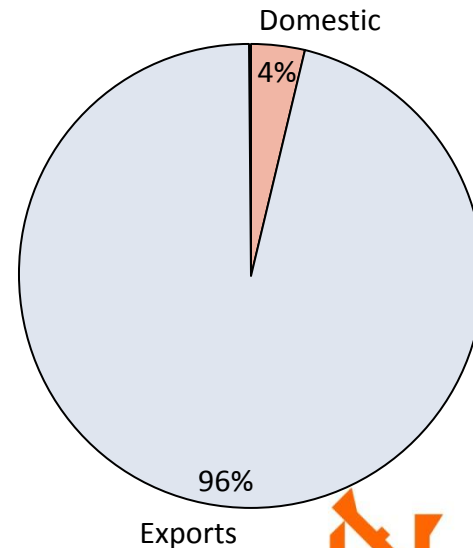
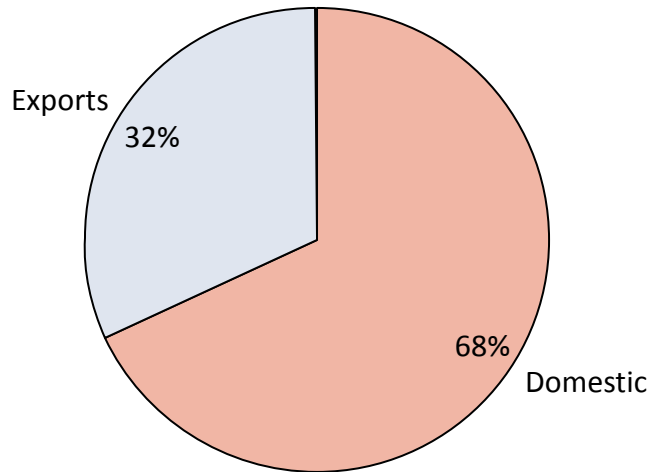


Revenue (Rs.Crs)

## CRAMS\*



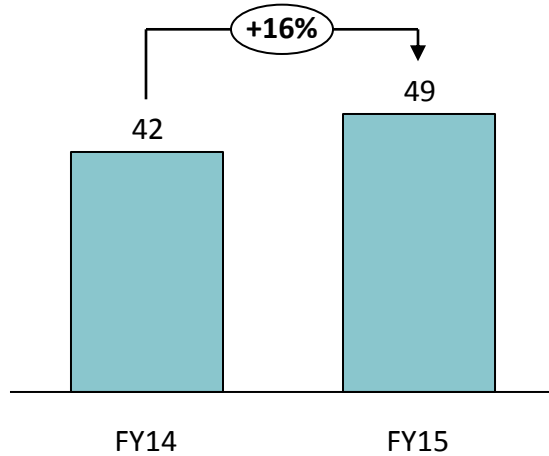
Geographic Mix – FY15



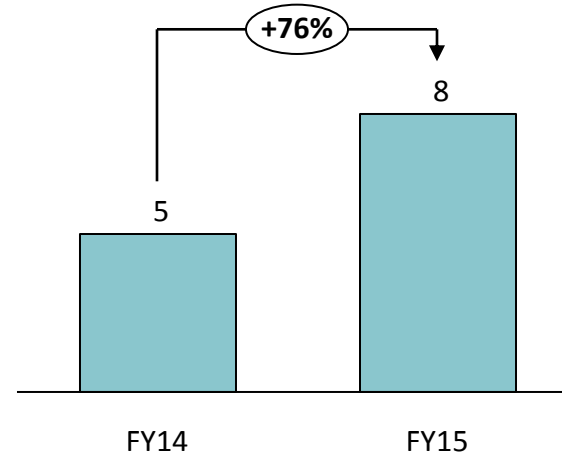
\* CRAMS business generating revenue from FY13

# MOL Performance

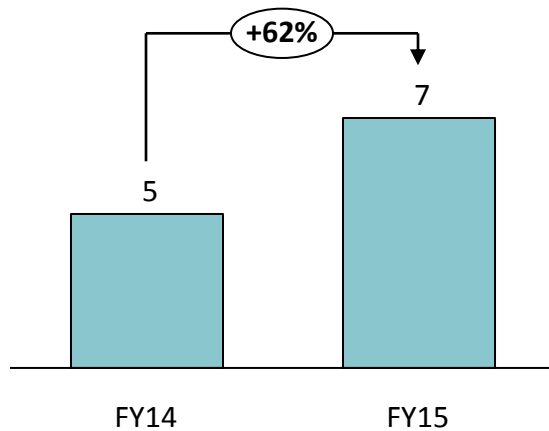
## Revenue (Rs.Crs)



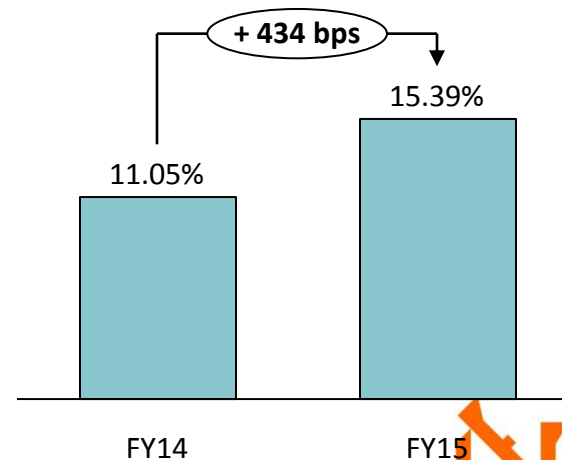
## PBT (Rs.Crs)



## PAT (Rs.Crs)



## PAT Margin %



# JV with Piramal Enterprises

- ✓ Entered into JV with Piramal Enterprises Ltd
  - ✓ 51% - Piramal Enterprises Ltd
  - ✓ 49% - Navin Fluorine International Ltd
- ✓ To develop, manufacture & sell specialty Fluorochemicals for the healthcare segment
- ✓ Initial investment - ~Rs. 120 Crs. Current estimates of investment is ~ Rs. 140 Crs. Due to increase in scope
- ✓ Site Development & Regulatory approvals under process
- ✓ Expected to come on-stream by H2 FY16
- ✓ Piramal will completely buy out the product and Navin will supply the most critical RM



# Clients across the Globe



CLARIANT



syngenta



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# Key Strengths

## Fluorination Capabilities

- ✓ Pioneered Manufacturing of Refrigerant Gases in India
- ✓ Over 45 years of experience in handling Fluorine
- ✓ Extensive expertise focusing on specialty fluorine chemistry

## Manufacturing

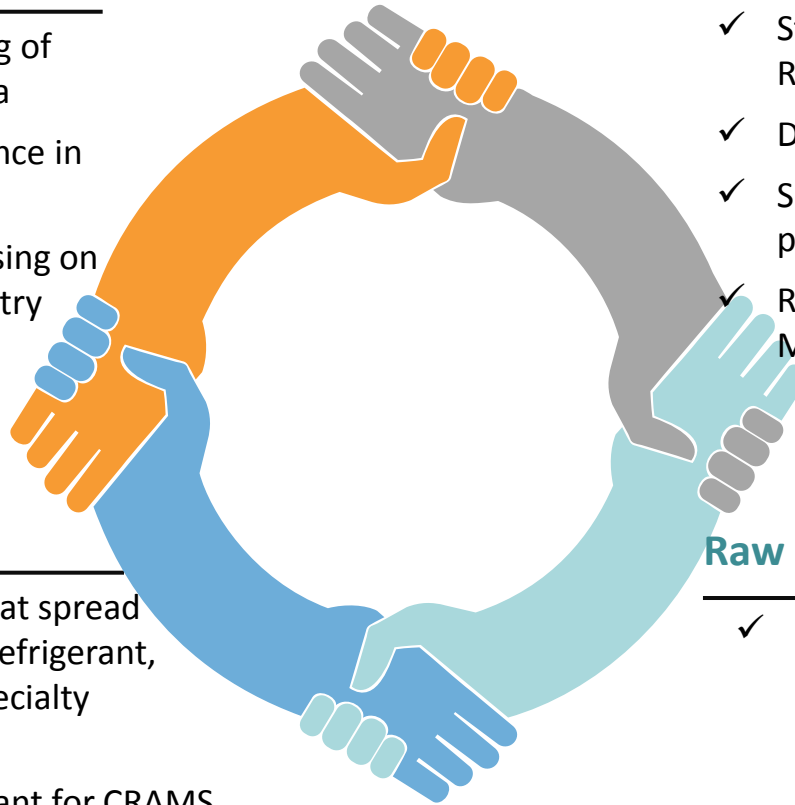
- ✓ Chemical Complex at Surat spread over 135 acres, houses Refrigerant, Inorganic Fluorides & Specialty Chemicals Plants
- ✓ cGMP Compliant Pilot plant for CRAMS in Dewas
- ✓ cGMP Compliant Manufacturing plant for CRAMS to come up at Dewas soon

## In-house R&D

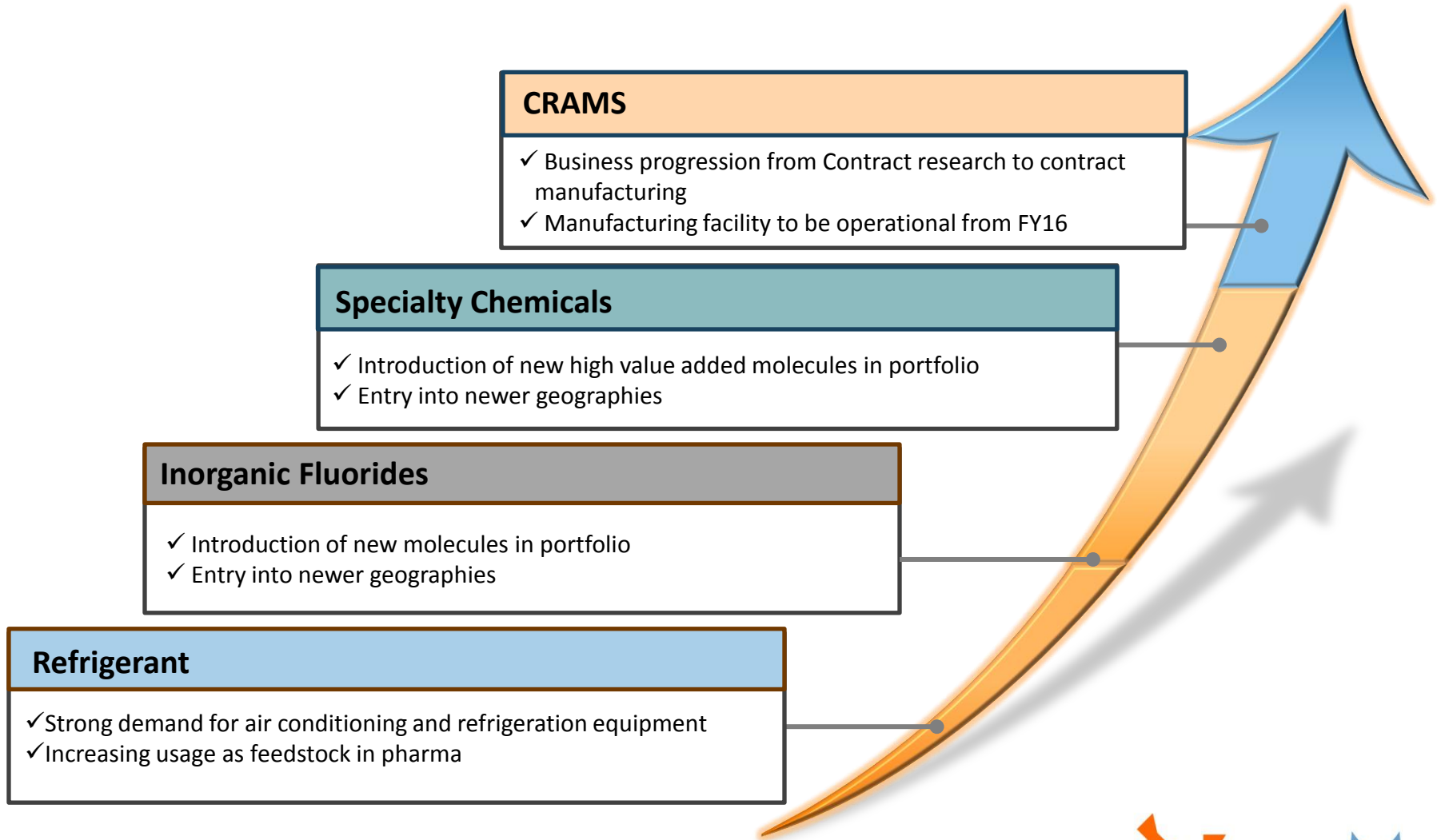
- ✓ State-of-the-art R&D centre – Navin Research Innovation Centre at Surat
- ✓ DSIR approved R&D Centre
- ✓ Supports in product addition & process efficiency in all business units
- ✓ R&D strength augmented by Manchester Organics Acquisition

## Raw Material Sourcing

- ✓ Backward integration for Raw material through 25% JV partner in the only Fluorspar beneficiation company in India
- ✓ Supply from JV to commence in FY17
- ✓ Diversified sourcing of Fluorspar away from China



# Growth driven by Every Business Unit

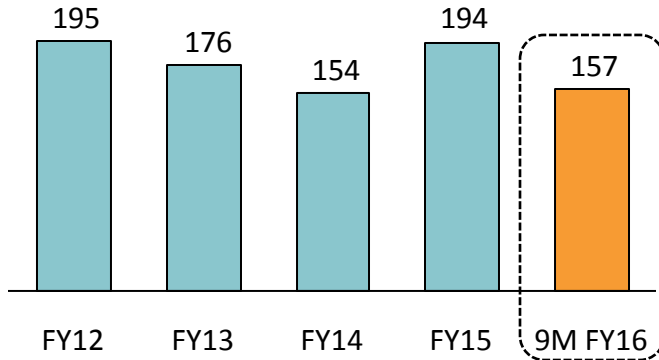


# Quarterly Financial Performance

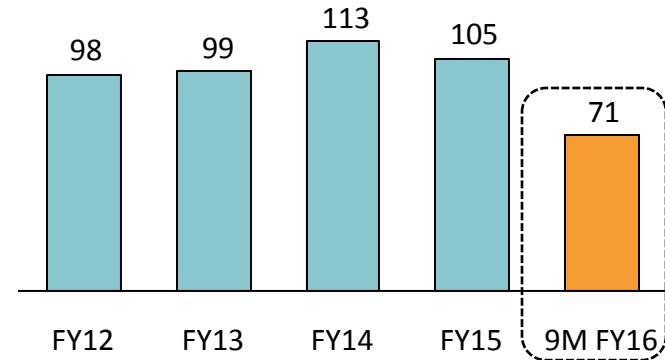


# Business Units Performance

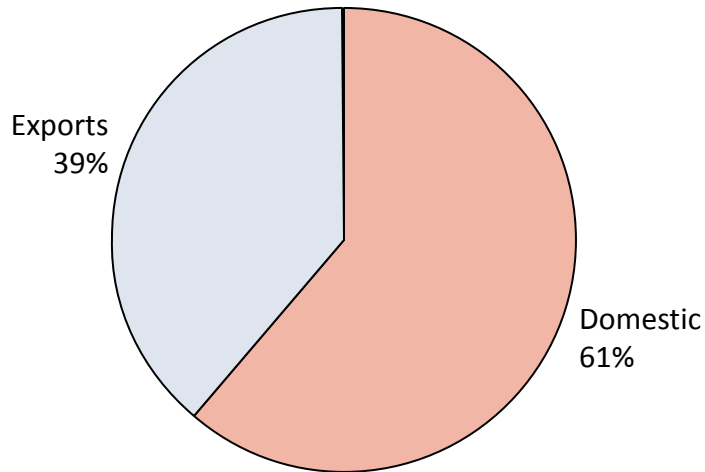
## Refrigerants



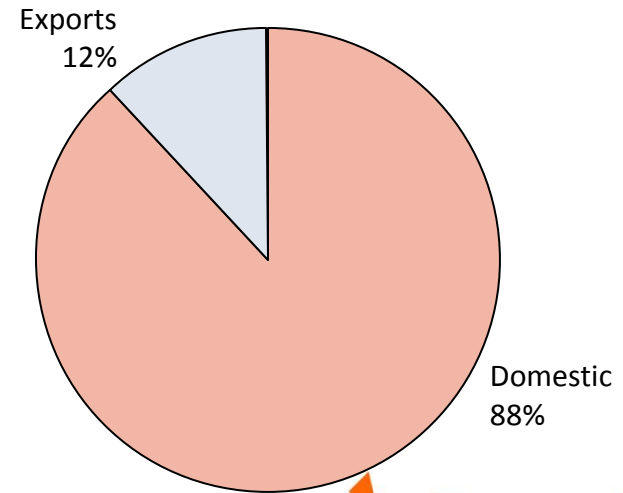
## Inorganic Fluorides



Revenue (Rs.Crs)

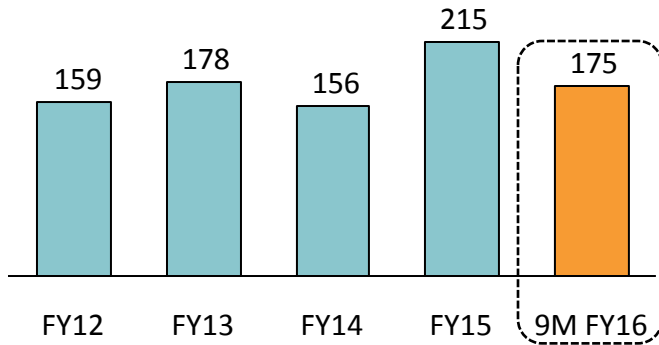


Geographic Mix – 9M FY16



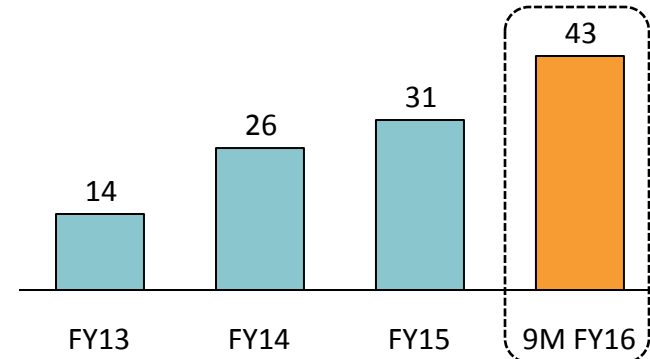
# Business Units Performance

## Specialty Chemicals

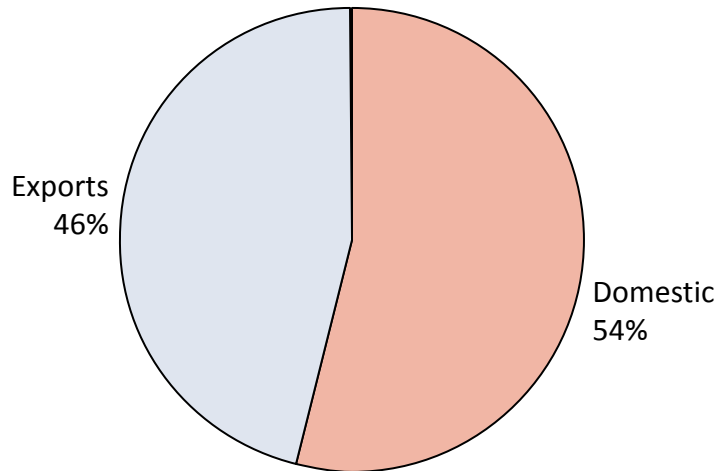


Revenue (Rs.Crs)

## CRAMS\*



Geographic Mix – 9M FY16



# Standalone Profitability Statement - Quarterly

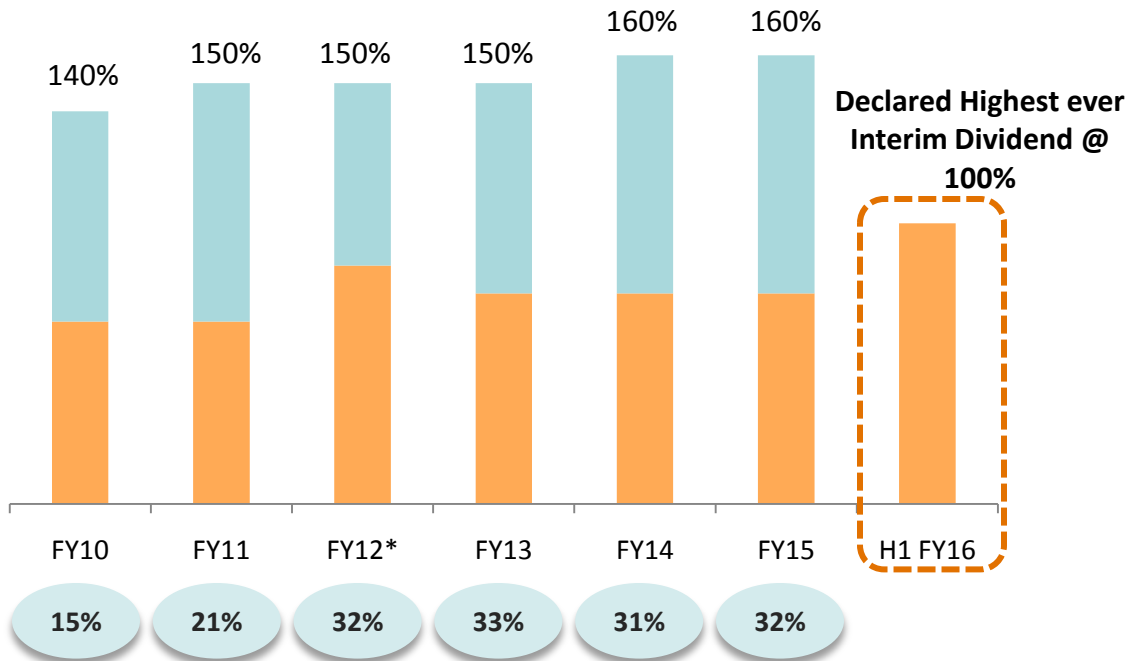


Rs. Crs.	9M FY16	9M FY15	Change %	Q3 FY16	Q3 FY15	Change %	FY15
Revenue	447	400	12%	145	146	(0.5%)	546
Raw Material	204	198		70	74		272
Employee Expenses	46	46		15	15		61
Other Expenses	116	112		37	37		150
<b>EBITDA</b>	<b>80</b>	<b>45</b>	<b>79%</b>	<b>23</b>	<b>19</b>	<b>22%</b>	<b>63</b>
<b>EBITDA Margin</b>	<b>18.0%</b>	<b>11.2%</b>		<b>15.8%</b>	<b>12.9%</b>		<b>11.6%</b>
Interest Expenses	2	3		1	1		3
Depreciation	15	13		6	5		19
<b>Operating PBT</b>	<b>63</b>	<b>29</b>	<b>119%</b>	<b>16</b>	<b>13</b>	<b>20%</b>	<b>41</b>
<b>Operating PBT Margin</b>	<b>14.1%</b>	<b>7.2%</b>		<b>11.0%</b>	<b>9.2%</b>		<b>7.6%</b>
Other Income	17	16		4	6		27
PBT	80	45		20	19		68
Tax	25	12	109%	6	5	35%	19
<b>Profit After Tax</b>	<b>55</b>	<b>33</b>	<b>68%</b>	<b>14</b>	<b>14</b>	<b>(4%)</b>	<b>49</b>
<b>Profit After Tax Margin</b>	<b>12.3%</b>	<b>8.2%</b>		<b>9.4%</b>	<b>9.7%</b>		<b>9.0%</b>



# Consistent Dividend Performance

## Dividend as % of Face Value



## Robust Dividend Payout

- ✓ Continuous Dividend since last 10 years
- ✓ Special Dividend of Rs. 60 per share in FY 12
- ✓ Payout Ratio of more than 30% in last 4 years
- ✓ Total dividend of Rs.16 per share in FY15

● Pay out Ratio = DPS / EPS

**Declared Interim Dividend of Rs.10 per share in H1 FY16**



# Historical Financial Highlights



# Consolidated Profitability Statement

Rs. Crs.	FY15	FY14	Change %
Revenue	592	486	22%
Raw Material	289	228	
Employee Expenses	74	59	
Other Expenses	156	133	
<b>EBITDA</b>	<b>72</b>	<b>66</b>	<b>9.4%</b>
<b>EBITDA Margin</b>	<b>12.2%</b>	<b>13.6%</b>	
Interest Expenses	3	6	
Depreciation	20	22	
<b>Operating PBT</b>	<b>49</b>	<b>39</b>	<b>26%</b>
<b>Operating PBT Margin</b>	<b>8.24%</b>	<b>7.94%</b>	
Other Income	30	31	
PBT	78	69	
Tax	20	15	
Profit After Tax	58	55	
Minority Interest	(4)		
Extraordinary Items	-	11	
<b>PAT after Minority Interest and Extraordinary Items</b>	<b>55</b>	<b>66</b>	



# Consolidated Balance Sheet



Rs. Crs.	Mar'15	Mar'14
<b>Shareholder's Fund</b>		
Share capital	10	10
Reserves & Surplus	578	546
<b>Minority Interest</b>	<b>13</b>	<b>9</b>
<b>Non-current liabilities</b>		
Long term borrowings	27	-
Deferred Tax Liabilities (net)	32	33
Other non-current liabilities	28	28
<b>Current liabilities</b>		
Short term borrowings	34	57
Trade Payables	89	61
Other current liabilities	41	35
<b>Total Liabilities</b>	<b>852</b>	<b>779</b>
<b>Non-current assets</b>		
Fixed assets	293	253
Goodwill on Consolidation	41	41
Non-current Investments	116	102
Long-term loans and advances	91	32
<b>Current assets</b>		
Current Investments	55	128
Inventories	76	66
Trade receivables	120	90
Cash and bank balances	28	38
Short Term Loans & Advances	28	26
Other current assets	4	3
<b>Total Assets</b>	<b>852</b>	<b>779</b>



For further information, please contact:

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