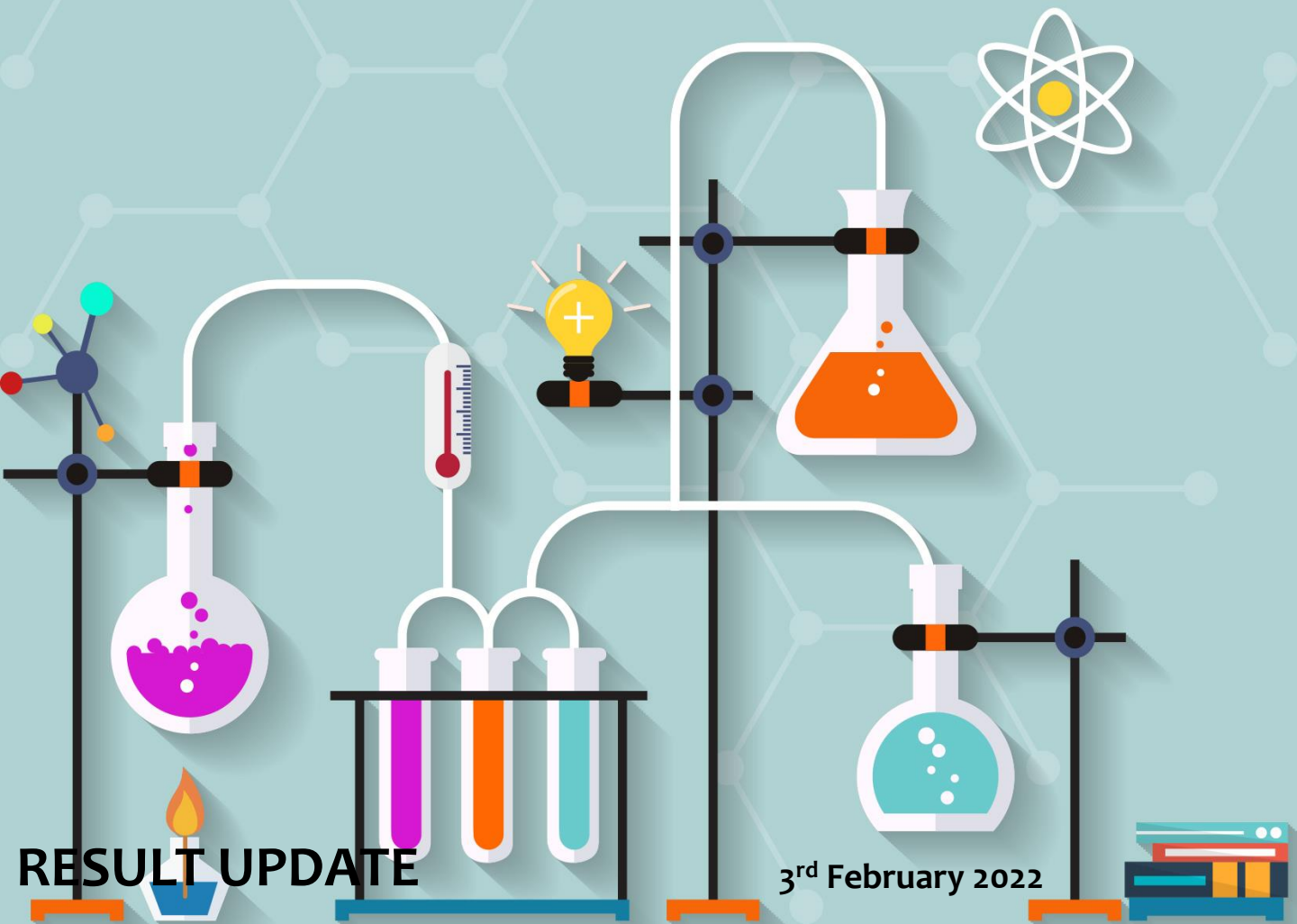


NAVIN FLUORINE INTERNATIONAL Ltd.



RESULT UPDATE

3rd February 2022



Navin Fluorine International Ltd.

Optimized sales mix to uphold the momentum

CMP INR 4,140	Target INR 4,494	Potential Upside 8.60%	Market Cap (INR Mn) INR 2,05,110	Recommendation ACCUMULATE	Sector Specialty Chemicals
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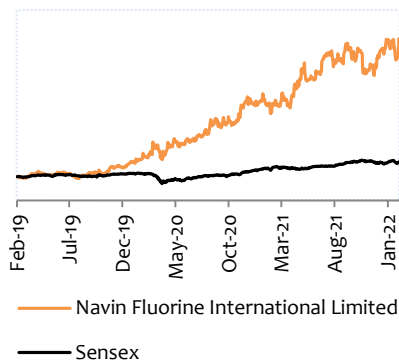
Result Highlights of Q3FY22:

- During Q3FY22, NFIL's reported strong topline growth of 22.58% YoY and 11.80% QoQ which came at INR 3,789 Mn. The growth was due to healthy uptick in volumes across all its segment.
- On operational front EBITDA stood at INR 982 Mn (+24.46% YoY/+17.18% QoQ), while EBITDA margins increased on YoY and QoQ by 39bps and 119bps respectively to 25.92% in Q3FY22. Higher realisations during the quarter supported the performance.
- PAT saw a growth of 21.81% YoY/8.70% QoQ to INR 687 Mn. The PAT margins contracted marginally by 12 bps YoY and 52 bps QoQ to 18.13% in Q3FY22.
- The company during the quarter has declared an interim dividend of INR 5/- per share aggregating to INR 247 Mn.

MARKET DATA

Shares outs (Mn)	50
Mkt Cap (INR Mn)	2,05,110
52 Wk H/L (INR)	4,339/2,338
Volume Avg (3m K)	197
Face Value (INR)	2
Bloomberg Code	NFIL IN Equity

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	59,108
NIFTY	17,647

SHARE HOLDING PATTERN (%)

Particulars	Dec-21	Sep-21	Jun-21
Promoters	30.19	30.20	30.22
FIIIs	25.25	26.43	26.65
DIIIs	15.98	15.17	15.18
Others	28.58	15.17	15.18
Total	100	100	100

KEY FINANCIALS

INR Mn	FY20	FY21	FY22E	FY23E	FY24E
Revenue	10,616	11,756	14,802	21,061	25,510
EBITDA	2,635	3,035	3,878	5,687	7,015
PAT	4,086	2,652	2,945	4,310	5,326
EBITDA Margin (%)	24.80%	25.80%	26.20%	27.00%	27.50%
NPM (%)	38.50%	22.60%	19.90%	20.46%	20.88%

Source: Company, KRChoksey Research

Improved demand scenario across its segments:

NFIL's High value business remained the major contributor accounting for 58% of the revenue mix in Q3FY22. It showed a decent growth of 10% on YoY basis which came at INR 2,120 Mn. Specialty business reported sustainable revenue growth of 24% on YoY basis which stood at INR 1,520 Mn, mainly driven by its partnerships with large international customers. CRAMS business was impacted by 15% in Q3FY22 on YoY basis. This was mainly due to shift of few orders from Q3 to Q4FY22. Legacy business supported the growth (up 50% on YoY basis) led by improved demand scenario and increased realisations during the quarter from its Inorganic fluorides biz (both domestic and international markets) and Refrigerant business.

Higher realisations led to better profitability:

The company has delivered sustainable margins during the quarter despite higher employee cost and one-time consulting fees. On operational front EBITDA stood at INR 982 Mn (+24.46% YoY/+17.18% QoQ), while EBITDA margins increased on YoY and QoQ by 39bps and 119bps respectively to 25.92% in Q3FY22. Higher realisations during the quarter supported the performance. Optimisation of sales mix helped the company achieve better profitability showing PAT growth of 21.81% YoY/8.70% QoQ to INR 687 Mn. The PAT margins contracted marginally by 12 bps YoY and 52 bps QoQ to 18.13% in Q3FY22.

Increasing penetration into high demand specialised product basket:

NFIL has entered into a multi-year agreement of INR 8,000 Mn through its wholly owned subsidiary Navin Fluorine Advanced Sciences Limited ('NFASL'). It is to manufacture and supply a key agro-chemical fluoro-intermediate which it plans to cater through its Dahej facility. It is expected to start the supplies by the end of FY23. We believe the above development will act as the next phase of company's growth.

29.47%

 Revenue CAGR
between FY21 - FY24E

26.16%

 PAT CAGR between
FY21 - FY24E

Navin Fluorine International Ltd.

Valuation and view:

NFIL is well poised for growth with new contracts and opportunities coming in at play. We believe sustainable growth performance will be led by both High value and Legacy business back by strong project pipelines and partnerships. The company is currently trading at a valuation with a P/E multiple of 69.55x/47.53x/38.46x its FY22E/FY23E/FY24E earnings respectively. We believe debottlenecking and good traction from end user industry will provide robust growth opportunities. We change our recommendation to “ACCUMULATE” from “BUY” on the company applying P/E of 41.75x on FY24E EPS with same target price of INR 4,494/share, an upside of 8.60% to CMP.

Key Concall Highlights:

Product verticals:

- Agrochemicals and Industrial segment continues to perform very well under specialty chemical business.
- Debottlenecking of cGMP3 plant has been approved based on the improved pipeline which will aid growth for CRAMS business.
- The company remains confident about maintaining a run rate of \$10Mn per quarter for the year in CRAMS.
- Prices of R22 is expected to further shoot up increasing the overall realisation for Ref gas segment.

Capex programme:

- The company is willing to do an investment of INR 750Mn for the debottlenecking of its cGMP3 plant.
- Plants additional capacity for its down-stream products.
- Management is confident about having more concrete plans to set up cGMP4 plant by next quarter.

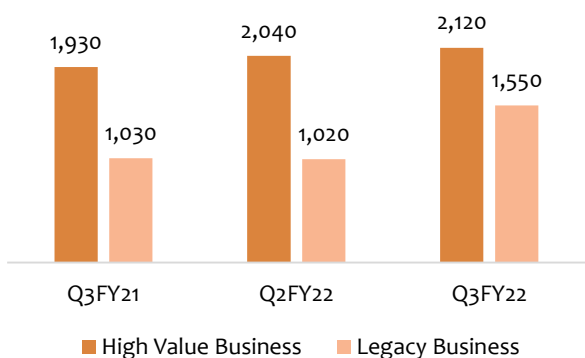
New Launches:

- NFIL has launched new products in agrochemical space through its Multi-Purpose Plant (MPP). It has already manufactured and supplied commercial quantities of its new products which would further help them scale up its operations with plant set up to be done in Dahej later in this calendar year.
- Management sees good revenue visibility from this as some of these new products has a potential to scale up & have its own dedicated plant.

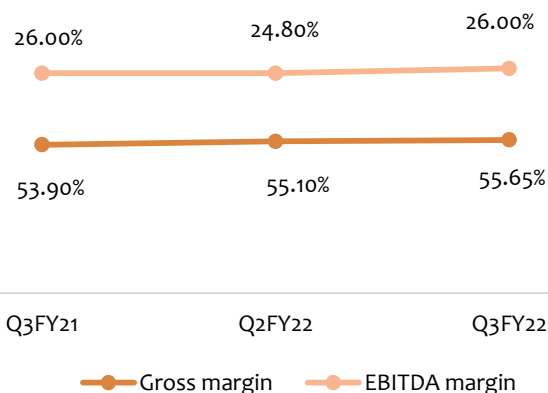
Other highlights:

- Growth in profitability was driven by significant price increase for its Inorganic fluoride and Ref gas segment but could pass on only 50% of the incremental cost in Specialty chemical segment.
- Exports sales impacted due to higher logistics cost.
- Intends to finalise the plan on HFC by the end of this FY.
- New contracts have come in play since January 2022.
- It has identified new opportunities in Inorganic fluorides which is likely to come on stream in FY24.
- It is in the process of evaluating new hydrochloric acid plant at Dahej.
- Capacity utilisation on aggregate basis stands at ~65% which its plans to increase further.
- More traction is seen from small bio-pharma sized business.

**Sequential growth in business
(INR in Mn)**



Sustainable performance over the quarters



Source: Company, KRChoksey Research

Navin Fluorine International Ltd.

KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

Income Statement (INR Mn)	FY20	FY 21	FY 22E	FY23E	FY 24E
Revenues	10,616	11,756	14,802	21,061	25,510
COGS	4,838	5,488	6,513	9,478	11,352
Gross profit	5,777	6,268	8,289	11,584	14,158
Employee cost	1,308	1,411	1,895	2,527	3,061
Other expenses	1,835	1,822	2,516	3,370	4,082
EBITDA	2,635	3,035	3,878	5,687	7,015
Depreciation & amortization	370	416	479	550	700
EBIT	2,265	2,619	3,399	5,137	6,315
Interest expense	20	1	4	3	3
Other income	333	803	380	500	650
PBT	2,578	3,421	3,775	5,634	6,962
Tax	-1,436	855	830	1,324	1,636
Minority interest	0	0	0	0	0
PAT	4,086	2,652	2,945	4,310	5,326
EPS (INR)	82.6	53.6	59.52	87.10	107.65

Source: Company, KRChoksey Research

Exhibit 2: Cash Flow Statement

Cash Flow Statement (INR Mn)	FY20	FY21	FY22E	FY23E	FY 24E
Operating Cash Flow	1,566	2,372	3,414	3,250	4,427
Investing Cash Flow	851	(2,371)	(3,704)	(2,104)	(942)
Financing Cash Flow	(809)	(450)	(45)	(879)	(1,381)
Net Inc/Dec in cash equivalents	1,609	(449)	(335)	267	2,105
Opening Balance	159	1,767	1,318	983	1,250
Adjustments	0	0	0	0	0
Closing Balance Cash & Cash Equiv.	1,767	1,318	983	1,250	3,355

Source: Company, KRChoksey Research

Exhibit 3: Key Ratios

Key Ratio	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margins (%)	24.8%	25.8%	26.20%	27%	27.5%
Net Profit Margin (%)	38.5%	22.6%	19.90%	20.46%	20.88%
RoE (%)	28.9%	16.2%	15.70%	19.34%	20.22%
RoCE (%)	18.4%	20.9%	19.61%	24.82%	26.14%
RoA (%)	25.1%	14%	13.14%	15.98%	16.87%
Debt/Equity	0.0X	0.0X	0.0X	0.0X	0.0X

Source: Company, KRChoksey Research

Navin Fluorine International Ltd.

Exhibit 4: Balance Sheet

Balance Sheet (INR Mn)	FY20	FY21	FY22E	FY23E	FY 24E
Property, plant and equipment	3,642	3,759	7,349	9,119	9,689
Right-of-use assets	208	217	219	213	199
Investment properties	550	539	528	516	505
Capital work-in-progress	389	948	948	948	948
Investments	874	138	138	138	138
Loans	75	81	105	149	181
Other financial assets	101	101	33	46	56
Non-current tax assets (Net)	1,149	308	308	308	308
Other non-current assets	96	43	134	190	231
Total non-current assets	8,449	7,028	10,660	12,730	13,521
Inventories	1,579	1,803	2,109	2,885	3,495
Investments	675	845	845	845	845
Trade receivables	2,185	2,841	2,920	4,039	4,892
Cash and cash equivalents	1,767	1,318	1,196	1,569	3,841
Bank balances other than above	1,070	4,120	4,120	4,120	4,120
Loans	45	27	63	89	108
Other financial assets	59	43	82	117	142
Other current assets	455	949	635	903	1,094
Total current assets	7,836	11,946	11,969	14,568	18,537
TOTAL ASSETS	16,285	18,974	22,629	27,298	32,059
Equity share capital	99	99	99	99	99
Other equity	14,023	16,240	18,780	22,375	26,448
Total equity	14,122	16,339	18,879	22,474	26,547
Borrowings	0	0	500	400	300
Provisions	103	118	143	204	247
Deferred tax liabilities (Net)	0	208	208	208	208
Other non-current liabilities	135	135	189	268	325
Total non-current liabilities	391	616	1,195	1,235	1,235
Borrowings	14	25	14	14	14
Trade payables	981	1,074	1,372	1,953	2,315
Other financial liabilities	355	384	495	705	853
Contract liabilities	21	30	29	41	50
Provisions	28	31	39	56	68
Current tax liabilities (Net)	0	81	81	81	81
Other current liabilities	373	394	519	739	895
Total current liabilities	1,772	2,019	2,555	3,589	4,277
Total liabilities	2,164	2,635	3,750	4,824	5,512
TOTAL EQUITY AND LIABILITIES	16,285	18,974	22,629	27,298	32,059

Source: Company, KRChoksey Research

Navin Fluorine International Ltd.

Navin Fluorine International Ltd.				Rating Legend (Expected over a 12-month period)	
Date	CMP (INR)	TP (INR)	Recommendation	Our Rating	Upside
3-Feb-22	4,140	4,494	ACCUMULATE	Buy	More than 15%
21-Oct-21	3,365	4,494	BUY		
1-Oct-21	3,713	4,494	BUY	Accumulate	5% – 15%
				Hold	0 – 5%
				Reduce	-5% – 0
				Sell	Less than – 5%

ANALYST CERTIFICATION:

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