

Navin Fluorine International Limited



Investor Presentation

October 2014



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NFIL - An Introduction



H1 FY15
Financials

Revenue

Rs. 254 Crs.

EBITDA
Margin

10.3%

PAT Margin

7.3%

**Largest
Integrated
Specialty
Fluoro-chemical
Company in
India**

- ❖ Diversified portfolio of advanced fluorine derivatives with wide range of applications
- ❖ Business Segments - Refrigerants, Inorganic Fluorides, Specialty Fluoro Chemicals & CRAMS
- ❖ Manufacturing facilities at Surat, Gujarat & Dewas, Madhya Pradesh
- ❖ Strong clientele including several Fortune 500 companies
- ❖ Accredited with ISO 9001, ISO 14001, OSHAS 18001
- ❖ Certified "Responsible Care" company

"Fluorination, your partner for life"



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Fluorine, A Vast Landscape...

Global demand for Fluoro-chemicals in 2016 to reach 3.5 mn MT (Growth of 3.9% per annum), valued at USD 19.7 billion.



... and increasingly being used in newer applications

Evolution of NFIL

... 2003

2003 - 2013

2013 ...

- ❖ Started Fluoro-Chemical business in 1967 at Surat, Gujarat
- ❖ Commenced Specialty Fluoro-Chemical business in 2000
- ❖ Part of Mafatlal Industries till 2003 - Divested as a part of Financial Restructuring

- ❖ Commenced CRAMS business in 2011
- ❖ Acquisition of Manchester Organics Ltd. (MOL) in 2011
- ❖ Fluorspar JV with GMDC & GFL

- ❖ Focus on CRAMS & Specialty Chemical Segment to drive growth
- ❖ Set-up Multi- Purpose Plant at Surat
- ❖ CRAMS expansion at Dewas



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. Partha Roychowdhury : Chief Financial Officer

Chartered Accountant with 29 years of post qualification experience
Been with the Company since 1995

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. Radhesh Welling : President – Marketing & Corporate Strategy

Mechanical Engineer from NIT, Surat and an MBA from IIFT, Delhi and IMD, Switzerland
Total work experience of more than 17 years; joined the Company in 2013

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 Segments

Refrigerants

Inorganic Fluorides

Specialty Chemicals

CRAMS

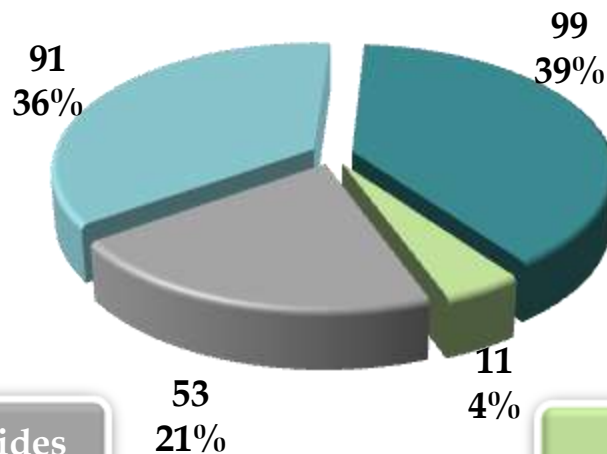


Business Segments

Refrigerant Gases

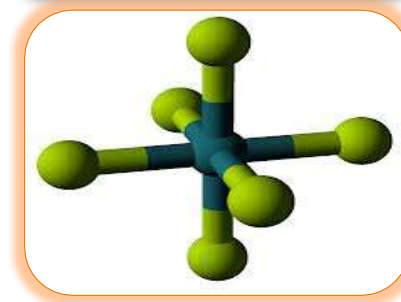
Revenue : H1 FY15
[Rs. 254 Crs.]

Specialty Chemicals



Inorganic Fluorides

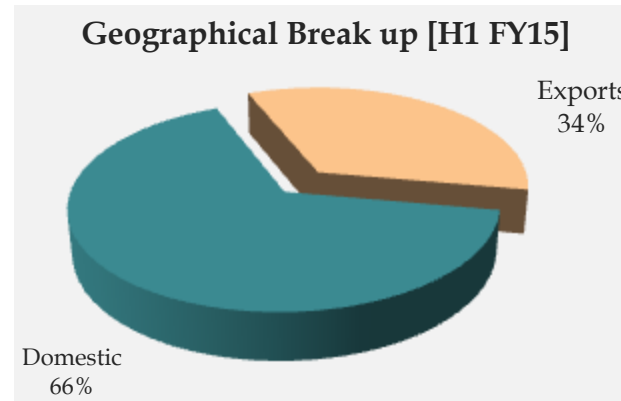
CRAMS



Refrigerant Gases ...

Product & Applications

- ❖ MAFRON 22
- ❖ Used in Residential & Commercial air conditioning
- ❖ Exports to South-East Asia, Middle East, Saudi Arabia, Turkey, Egypt & South Africa



MAFRON - Refrigerant Brand of NFIL

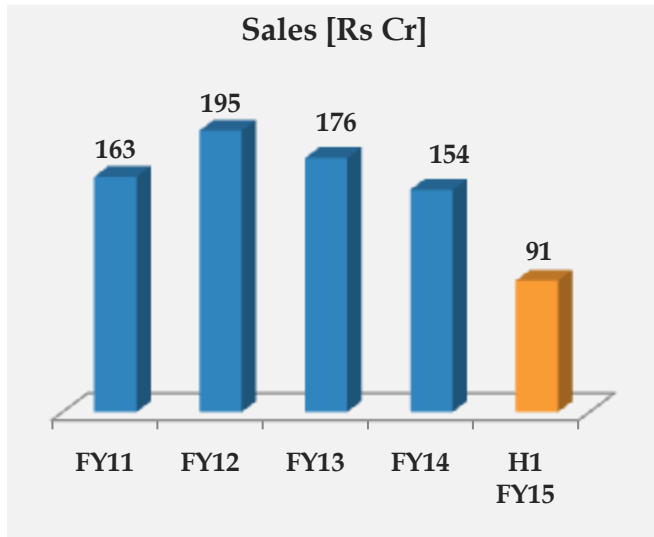
- ❖ Pioneered refrigerant gases in India
- ❖ MAFRON - Brand became generic for refrigerant gases
- ❖ Preferred Choice for OEMs, Service Technicians and Equipment Owners
- ❖ Strong Distribution Network of over 120 dealers in India, South East Asia, Middle East



... demand to remain stable

Current Scenario...

- ❖ Under Phase out due to its Ozone depleting & Global warming properties
- ❖ Production restricted at average of 2009-2010 levels, 10% cut in 2015 & complete phase out by 2030



Road Ahead...

- ❖ More than 90% of Room Air Conditioners (RAC) uses R-22 as refrigerant
- ❖ Growth in country's air conditioner market fuelled by a rapid increase in middle-class households to drive demand
- ❖ Substitute products do not offer long term technical solution
- ❖ Restriction on production levels combined with growing demand to create supply deficiency



Inorganic Fluoride

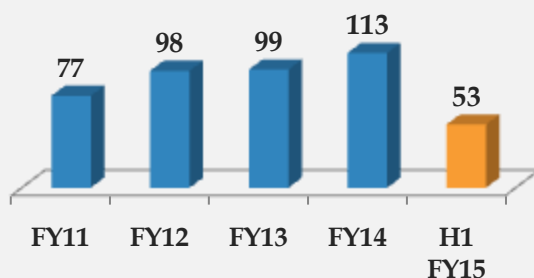
Stable Business...

- ❖ Hydrofluoric acid, ammonium bifluoride and other inorganic fluorides
- ❖ User Industry : Glass , Metals, Agro, Pharma, FMCG etc.
- ❖ Mainly sold in Domestic market
- ❖ Strong Distribution Network in India

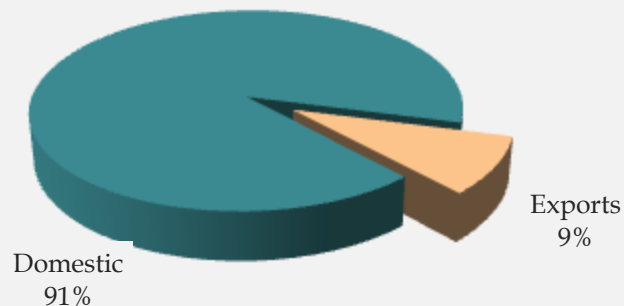
Growth Drivers...

- ❖ Ongoing investment into research and development to introduce newer variants
- ❖ Plans to introduce several new inorganic fluorine compounds
- ❖ Increasing international presence

Sales [Rs Cr]



Geographical Break up [H1 FY15]

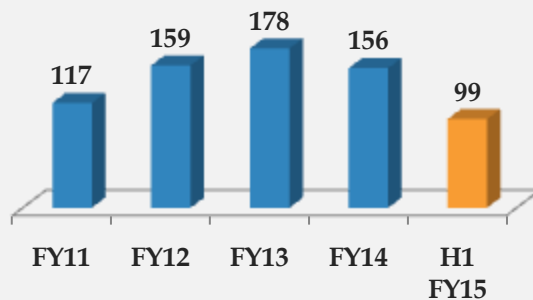


Specialty Fluoro Chemicals ...

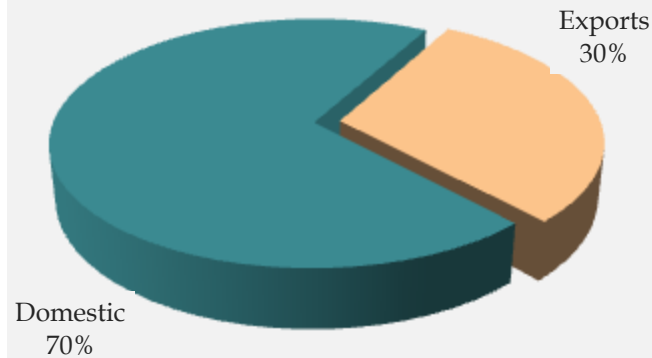
Positioned well ...

- ❖ Fluorine based molecules with niche applications in Pharmaceutical, Agrochemical & Petrochemical segments
- ❖ Constant research and innovation
- ❖ Strong Product Portfolio of over 40 Products
- ❖ Introduction of 6 new fluorinated compounds with growing application in last year
- ❖ Clientele includes world's largest Crop Protection, Pharmaceutical and Chemical Companies

Sales [Rs Cr]



Geographical Break up [H1 FY15]



... to be a key focus area

Expanding the facility ...

- ❖ One of the largest BF3 facilities in the world
- ❖ Expanded manufacturing and research capacity in this segment to speed up new product development and commercialization
- ❖ R&D facility and pilot plant in Surat
- ❖ State-of-the-art multi purpose plant in Surat
- ❖ Augmentation of the multipurpose plant to increase product basket underway



Greenfield Facility at Dahej for Specialty Chemicals

- ❖ JV with Piramal Enterprises Ltd (PEL)
 - 51% PEL stake
 - 49% NFIL stake
- ❖ Facility to develop, manufacture & sell specialty Fluorochemicals
- ❖ Initial investment, including site development, ~Rs. 120 Crs
- ❖ Site Development and regulatory approvals under process
- ❖ Expected to come on-stream by FY16



Bhoomi Pujan at Dahej



Large Opportunity

- ❖ Initiative to cater to product development needs of innovator Pharma and Agro companies in Europe, US and Japan
- ❖ Opens new doors as molecules like Bromine and Chlorine are being progressively replaced by Fluorine
- ❖ Increasing acceptability of fluorine resulting in wide range of applications
- ❖ Most of Pharma and Agro products contain fluorine and the basket is expanding

Foray in CRAMS leveraging Niche Fluorination Chemistry

- ❖ Acquired Manchester Organics Limited – A research Organization in UK in May, 2011
- ❖ Ventured in FY 2012 and Set up facility at Dewas in Madhya Pradesh
- ❖ Provide time and cost advantage leveraging Deep & Wide experience in fluorine
- ❖ Targeting innovator pharmaceutical and Agricultural companies for CRAMS offerings
- ❖ cGMP plant set up at Dewas to meet stringent manufacturing requirements of global pharmaceuticals and chemical companies



... to grow with MOL Integration

Manchester Organics Limited

- ❖ Privately-held chemical company based in North England established in 1996
- ❖ Research experience in Fluorination technology and High Pressure Chemistries
- ❖ Specialist in fluorination technology along with expertise in general organic synthesis at gram level
- ❖ Product Catalogue currently includes over 25,000 compounds

Integration Synergies...

- ❖ Milligram to multi-kilo research / production capability with high pressure / specialist fluorination facilities
- ❖ Multi-tonne production facility, pilot plant and cGMP facility spread over two sites in India
- ❖ cGMP compliant fluorination facility
- ❖ Commenced work with many Innovator Companies
- ❖ Strengthened Research & Development
- ❖ Enhances marketing spectrum for both entities
- ❖ Moving upwards in value chain



Key Strengths & Growth Drivers



Key Strengths



Ability to handle Fluorination chemistry

- ❖ Expertise in handling Hydrofluoric acid
- ❖ Direct fluorination of pre-existing compound a difficult process requiring highly specialized equipments and techniques
- ❖ Fluorination capabilities include catalytic, non catalytic, gas phase and liquid phase fluorination using HF and other specialized fluorination reactions
- ❖ Currently working on direct fluorination using fluorine gas at R&D scales

Diversifying Fluorspar (Key Raw Material) sourcing

- ❖ Formed Joint Venture (JV) with Gujarat Mineral Development Corporation and Gujarat Fluorochemicals Ltd for beneficiation of fluorspar ore from reserves located in Gujarat :
Supply expected to commence from FY 2017
- ❖ Diversified sourcing from China to other geographies



Focused Research

Infrastructure

- ❖ 4 Labs for organic and inorganic synthesis
- ❖ Vapor Phase chemistry Lab
- ❖ High Pressure chemistry lab
- ❖ Fixed bed continuous hydrogenator

People

- ❖ Post-doctorals, PhDs and Graduates
- ❖ Team has exposure to several areas of research including Carbohydrates, Catalysis, Fine chemicals, Heterocyclic chemistry, Inorganic chemistry etc.
- ❖ Highly skilled in process development and scale up

Affiliations

- ❖ R&D Center recognized by DSIR, Ministry of Science & Technology, India
- ❖ Working relationships with:
 - Indian Institute of Chemical Technology, Hyderabad
 - National Chemical Laboratory, Pune
 - Central Salt & Marine Chemical Research Institute, Bhavnagar
 - M. S. University, Baroda

Growing through Innovation



Manufacturing Strengths ...

Surat, Gujarat

- ❖ Located on 135 acre plot
- ❖ One of the largest integrated fluoro chemicals complex in India, since 1967
- ❖ High standards of Health, Safety & Environment
- ❖ 80,000 m2 of green belt
- ❖ Quality System accreditation with IMS
- ❖ Present in complete value chain wherein multiple chemistries can be practiced in the same facility
- ❖ One of the largest HF capacities
- ❖ Captive Power Plant

Dewas, Madhya Pradesh

- ❖ Spread over an area of ~45 acres
- ❖ cGMP Pilot Plant with Kilo Laboratory
- ❖ Consisting of GL, SS, Hastelloy & Inconel-600 reactors etc. with all the supporting equipment
- ❖ Built with several cGMP and operational safety features



... to be enhanced with expansion

- ❖ **Expansion of CRAMS facility at Dewas, Madhya Pradesh**
 - To address ton level requirements of existing CRAMS customers
 - Investment of ~ Rs 60 Crs.
 - Expected to be commissioned by end of FY15



Marquee Clientele



Growth Strategies

1

CRAMS - Leveraging fluorination technology to partner with global majors in their product development cycle

2

Specialty Chemicals - Development of new products

3

Refrigerants - Stable Cash Generating segment

4

Inorganic Fluorides - Expansion into newer geographies

Financial Overview



Standalone Profitability Statement

Rs. Crs.	Q1 FY15	Q2 FY15	H1 FY15	QoQ%	H1 FY14	YoY%
Revenue	130	124	254	(5%)	215	18%
Raw Material	65	59	124		100	
Employee Expenses	17	14	31		25	
Other Expenses	36	38	74		55	
EBITDA	12	14	26	13%	34	(24%)
<i>Margin</i>	9.4%	11.2%	10.3%		15.9%	
Other Income	4	6	10		13	
Interest Expenses	0	1	1		2	
Depreciation	4	4	9		10	
PBT	11	14	26		35	
Tax	3	4	7		9	
Profit After Tax	8	10	19	19%	26	(28%)
<i>Margin</i>	6.5%	8.1%	7.3%		12.0%	

Standalone Balance Sheet

Rs. Crs.	Sep'14	Mar'14
Shareholder's Fund		
Share capital	10	10
Reserves & Surplus	541	532
Non-current liabilities		
Long Term Borrowings	12	-
Deferred Tax Liabilities (net)	32	33
Other non-current liabilities	28	27
Current liabilities		
Short term borrowings	30	57
Trade Payables	68	58
Other current liabilities	29	25
Total Liabilities	749	742
Non-current assets		
Fixed assets	232	231
Non-current Investments	128	135
Long-term loans and advances	76	55
Current assets		
Current Investments	116	129
Inventories	77	57
Trade receivables	83	83
Cash and bank balances	7	25
Short Term Loans & Advances	28	25
Other current assets	2	2
Total Assets	749	742



Strong Investments portfolio



- ❖ **Investment of Rs. 245 Crs.**
 - Investment in Debt Mutual Fund & FMP of Rs. 137 Crs.
 - Investment in Properties of Rs. 47 Crs.

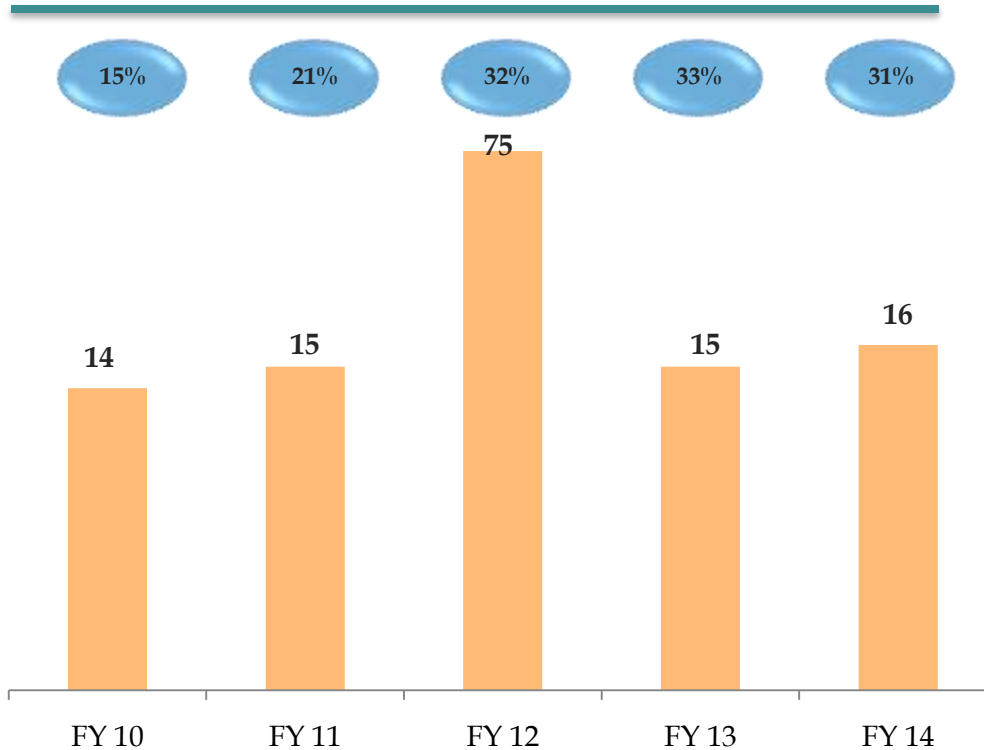
- ❖ **Generated Income of Rs. 9 Crs in H1 FY15**
 - Rental Income – Rs.5 Crs
 - Treasury Income – Rs.4 Crs

- ❖ **Strong Cash & Cash Equivalents**
 - Deployment in Revenue Earning Instruments
 - War Chest to be used for various business opportunities



Dividend History

Dividend Per Share (Rs.)



● Pay out Ratio

Consistent 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 3 years

Interim Dividend declared of Rs. 7.50 per share (FY15)



Contact



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