

November 25, 2015

CARE REVISES THE LT RATING ASSIGNED TO THREE BANK FACILITIES AND REAFFIRMS THE ST RATING ASSIGNED TO THE BANK FACILITIES AND CP ISSUE OF NAVIN FLUORINE INTERNATIONAL LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities-Term Loan	40	CARE AA (Double A)	Revised from CARE AA- (Double A Minus)
Long-term Bank Facilities – Fund-based limits	85 (enhanced from 80)	CARE AA (Double A)	Revised from CARE AA- (Double A Minus)
Short-term Bank Facilities – Non-fund-based limits	135	CARE A1+ (A One Plus)	Reaffirmed
Total facilities	260		
Commercial Paper (carved out of sanctioned working capital limits)	30	CARE A1+ (A One Plus)	Reaffirmed
Standalone Commercial Paper	30	CARE A1+ (A One Plus)	Reaffirmed

Rating Rationale

The revision in long-term rating assigned to the bank facilities of Navin Fluorine International Limited (NFIL) takes into consideration consistent improvement in operating performance after the discontinuance of carbon credit income in December 2012. Furthermore, it also considers the expected benefits to be derived from investments made into CRAMS (Contract Research and Manufacturing Service) and specialty fluorides businesses.

The ratings continue to derive strength from the well-established position of NFIL in the fluorochemicals business, diversified revenue profile, continuous focus on research and development, strong financial profile and ample liquidity.

The ratings, however, continue to be constrained by exposure of the profitability margins to the volatility in key raw material prices, competitive nature of the industry and risk of slowdown in some of its end user industry.

NFIL's ability to earn the envisaged revenue from the new ventures undertaken and sustain its revenue from the core business amidst accelerated phase-out of HCFC under Montreal Protocol are the key rating sensitivities.

Background

NFIL, a part of Arvind Mafatlal Group (AMG) was established in 1967 at Surat. NFIL primarily deals in refrigerant gasses, inorganic/bulk fluorides, specialty fluorochemicals and Contract Research and Manufacturing Services (CRAMS) and has manufacturing facilities at Surat and Dahej in Gujarat and Dewas, Madhya Pradesh. NFIL produces more than 60 fluorinated products. The products manufactured by the company find application in the agro-chemical industry, pharmaceuticals, aluminum smelting, refrigerator manufacturing, metal processing, abrasives, glass & ceramics industry etc.

AMG has interests in various industries, including textiles, chemicals, NBFC, etc. The other major companies of the group include Mafatlal Industries Ltd (Textiles) (rated CARE BBB-/A3) and NOCIL (Rubber Chemicals) (rated CARE AA-/A1+).

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

For FY15 (refers to the period April 1 to March 31), NFIL posted a PAT of Rs.49.38 crore on a total operating income of Rs.563.11 crore as compared to PAT of Rs.50.66 crore on a total operating income of Rs.463.16 crore during FY14. During H1FY16, the company posted a PAT of Rs.41.38 crore on a total operating income of Rs.301.50 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691