

## Navin Fluorine International Limited

January 30, 2017

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities – Term Loan	-	-	Withdrawn
Long-term Bank Facilities – Fund-based limits	85	<b>CARE AA; Stable (Double A; Outlook: Stable)</b>	Reaffirmed
Short-term Bank Facilities – Non-fund-based limits	135	<b>CARE A1+ (A One Plus)</b>	Reaffirmed
<b>Total Facilities</b>	<b>220 (Rupees Two hundred and twenty crore only)</b>		
Commercial Paper (carved out of sanctioned working capital limits)	30	<b>CARE A1+ (A One Plus)</b>	Reaffirmed
Standalone Commercial Paper	30	<b>CARE A1+ (A One Plus)</b>	Reaffirmed

*Details of facilities/instruments in Annexure-1*

### Detailed Rationale

The ratings assigned to the bank facilities and short term instruments of Navin Fluorine International Limited (NFIL) continue to derive strength from the well-established position of the company in the fluoro-chemicals business, diversified revenue profile with research and development capability to handle complex fluorine chemistry, strong financial risk 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, risk of slowdown in some of its end user industry and phase-out of its HCFC-22/R-22 gas business under Montreal Protocol by the year 2030. NFIL's ability to maintain growth in revenue from the core business amidst accelerated phase-out of HCFC under Montreal Protocol and maintain profitability margins are the key rating sensitivities.

### Detailed description of the key rating drivers

NFIL is one of the leading players in the field of specialty fluorochemicals, fluorinating agents and other performance chemicals with domestic market share of about 35-40%. NFIL's revenue is well diversified with refrigerant gasses, specialty fluorochemicals, bulk fluorides and CRAMS business contributing 34%, 38%, 15% and 13% respectively to the revenue in FY16. The CRAMS business has grown at a CAGR of 88% over the period FY13-FY16 to Rs.87 crore in FY16. Increased sales from higher margin CRAMS business and moderation in prices of key raw materials improved PBILDT margin to 20.75% in FY16 from 14.28% in FY15.

NFIL continues to have a comfortable financial risk profile marked by favorable capital structure (overall gearing at 0.05x as on March 31, 2016), strong debt service coverage indicators, comfortable PBILDT margin and adequate liquidity position. As on March 31, 2016, NFIL has cash and liquid investments of Rs.66 crore which provides adequate liquidity cushion. The utilization of working capital bank limits for the past 12 months ending November 2016 was low at 15% and also provides significant liquidity backup. Fluorspars, chloromethane and sulphur are the major raw materials for NFIL (around 80-85% of the total raw material cost). The prices of Fluorspar which accounts for over 40% of the overall raw

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

material cost for NFIL historically remained highly volatile. The company faces stiff competition from Chinese manufacturers in some of its business segments (mainly the refrigerant gasses) and is also exposed to slowdown in its key end-user industries – consumer durables, metals, pharmaceuticals, agrochemicals etc.

**Analytical approach:** Standalone

**Applicable Criteria:**

Criteria on assigning Outlook to Credit Ratings  
CARE's policy on Default Recognition  
Rating Methodology- Manufacturing Companies  
Financial Ratios- Non Financial Sector  
Criteria for Short-Term Instruments

**About the Company**

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 among others.

In FY16 (refers to the period April 1 to March 31), NFIL posted a PAT of Rs.86.47 crore on a total operating income of Rs.656.49 crore as compared to PAT of Rs.49.38 crore on a total operating income of Rs.563.11 crore in FY15. During H1FY17, the company posted a PAT of Rs.84.04 crore (includes profit on sale of investments Rs.27.33 crore) on a total operating income of Rs.358.95 crore.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Analyst Contact:**

Name: Mr Arunava Paul  
Tel: 6754 3667  
Mobile: +91 9820904584  
Email: [arunava.paul@careratings.com](mailto:arunava.paul@careratings.com)

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market

built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

#### Annexure 1

##### Details of Instruments/facilities:-

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term Fund-Based Limits	-	-	-	85.00	CARE AA; Stable
Non-fund-based-Short Term Fund-Based Limits	-	-	-	135.00	CARE A1+
Fund-based - LT-Term Loan	-	-	-	0.00	Withdrawn
Commercial Paper	-	-	-	30.00	CARE A1+
Commercial Paper-(Carved out)	-	-	-	30.00	CARE A1+

#### Annexure 2

##### Rating History for last three years:-

Sr. No.	Name of the Instrument/Bank Facilities	Type	Current Ratings		Chronology of Rating history for past three years			
			Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based-Long Term	LT	85.00	CARE AA; Stable	-	1)CARE AA (25-11-2015)	1)CARE AA- (17-10-2014)	1)CARE AA- (10-09-2013)
2.	Non-fund-based-Short Term	ST	135.00	CARE A1+	-	1)CARE A1+ (25-11-2015)	1)CARE A1+ (17-10-2014)	1)CARE A1+ (10-09-2013)
3.	Commercial Paper-Commercial Paper (Carved out)	ST	30.00	CARE A1+	-	1)CARE A1+ (25-11-2015)	1)CARE A1+ (17-10-2014)	1)CARE A1+ (10-09-2013) 2)CARE A1+ (17-05-2013)
4.	Fund-based - LT-Term Loan	LT	0.00	Withdrawn	-	1)CARE AA (25-11-2015)	1)CARE AA- (17-10-2014)	
5.	Commercial Paper	ST	30.00	CARE A1+	-	1)CARE A1+ (25-11-2015)	1)CARE A1+ (04-12-2014)	

**CONTACT****Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: [amod.khanorkar@careratings.com](mailto:amod.khanorkar@careratings.com)**Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)**AHMEDABAD****Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: [mehul.pandya@careratings.com](mailto:mehul.pandya@careratings.com)**BENGALURU****Mr. Deepak Prajapati**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)**CHANDIGARH****Mr. Sajan Goyal**

SCF No. 54-55,

First Floor, Phase 11,

Sector 65, Mohali - 160062

Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: [sajan.goyal@careratings.com](mailto:sajan.goyal@careratings.com)**CHENNAI****Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)**JAIPUR****Mr. Nikhil Soni**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**KOLKATA****Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)**NEW DELHI****Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)**PUNE****Mr. Pratim Banerjee**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

CIN - L67190MH1993PLC071691