



NAVIN FLUORINE
INTERNATIONAL LIMITED

RESEARCH REPORT

NAVIN FLUORINE INTERNATIONAL LTD



PREPARED BY:

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About

Navin Fluorine International Ltd is primary engaged in producing refrigeration gases, inorganic fluorides, specialty organo fluorines and offers contract research and manufacturing services. Its portfolio includes 50+ fluorinated compounds developed over the years.

Revenue Break-Up

Specialty Chemicals : 41%

HPP - 46%

CDMO - 13%

Synopsis of Financials

- **Revenue Growth:** Recorded a 7% year-on-year topline growth, totaling approximately ₹524 crores.
- **Operating EBITDA:** Approximately ₹100 crores, reflecting a drop of 12% year-on-year due to exceptional ref gas pricing in Q1 FY24 and lower specialty sales.
- **Profit After Tax:** Stood at ₹51.2 crores, down 17% from ₹61.5 crores in Q1 FY24, impacted by higher depreciation costs from new CAPEX.
- **Operating Cash Flow:** Generated ₹107 crores, aided by efforts to drive down working capital.
- **Net Debt to Equity Ratio:** Improved to 0.38x, indicating a strong balance sheet.

Stock data (as 08th Oct 2024)

Nifty Price : 24,813.85

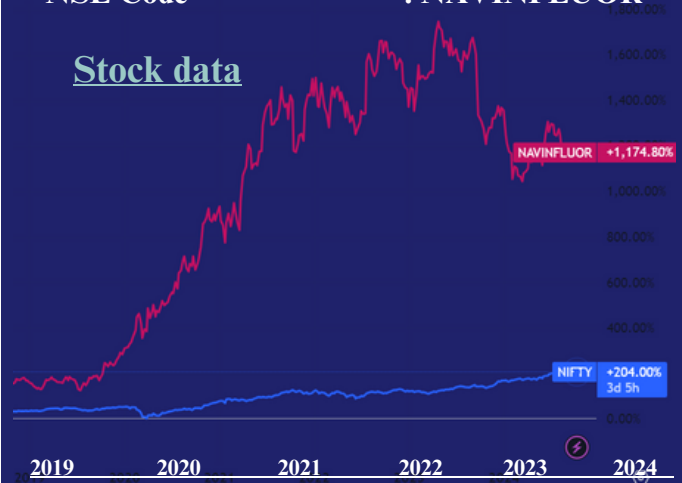
52 week High (in Rs.) : 3,979

52 week Low (in Rs.) : 2,876

Market Cap. (in Crore) : ₹ 16,561 Cr.

NSE Code : NAVINFLUOR

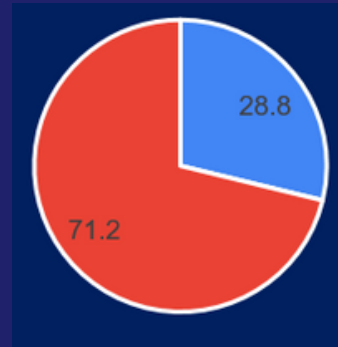
Stock data



-NIFTY50

-NAVINFLUOR

Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2022	March 2023	March 2024
Sales	1,453	2,077	2,065
Sales Growth %	23.23%	42.94%	-0.60%
Expenses	1,098	1,527	1,666
Operating Profit	356	550	399
OPM %	24%	26%	19%
Net Profit	263	375	270
EPS in Rs	53.09	75.68	54.56

Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	419	564	697	491	472	500	602
Expenses	325	408	495	377	373	424	492
Operating Profit	94	156	202	114	98	76	110
OPM %	22%	28%	29%	23%	21%	15%	18%
Other Income	11	10	4	8	23	64	13
Interest	4	9	14	19	20	18	17
Depreciation	18	25	8	21	24	25	26
Profit before tax	83	131	184	82	77	97	79
Tax %	30%	19%	26%	25%	22%	20%	11%
Net Profit	58	107	136	62	61	78	70

Source: Screener

Key Ratios

Particulars	Consolidated		Standalone	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
EBITDA/Turnover (%) (before exceptional items)	22	28	21	28
Return on net worth (%)*	11	17	11	16
Book value/share (₹)	481	441	464	432
Earnings per share (₹)*	54.57	75.70	47.44	63.05
Debtors turnover (days)	91	99	82	88
Inventory turnover (days)	66	82	55	73
Current ratio ⁵	1.81	2.66	3.68	4.91
Operating profit margin (%)*	11	22	12	23
Net Debt-Equity	0.37	0.37	Negative	Negative
Interest Coverage Ratio*	4.80	19.02	49.44	205.13
Net profit margin (%)*	13	18	16	19

Source: Annual Report

Yearly Results

Particulars	March 2022	March 2023	March 2024
Equity Capital	10	10	10
Reserves	1,834	2,175	2,373
Borrowings	121	861	1,368
Other Liabilities	420	484	626
Total Liabilities	2,385	3,529	4,377
Fixed Assets	556	1,646	1,875
CWIP	742	279	711
Investments	118	44	495
Other Assets	969	1,561	1,296
Total Assets	2,385	3,529	4,377

Synopsis Quater Results

Con-Call Aug 25: Key Highlights

Management Overview:

- **New Leadership:** Nitin Kulkarni appointed as Managing Director on June 24, 2024, bringing over three decades of experience in specialty chemicals.
- **Operational Focus:** Emphasis on operational excellence, financial robustness, and disciplined execution of strategic plans.

Segment Performance:

HPP Vertical:**

- Revenue increased from ₹169 crores in Q1 FY24 to ₹281 crores in Q1 FY25, marking a 66% YoY growth.
- Driven by stable HFO operations and strong sales from new R32 capacity.
- R32 prices showing an uptick in the domestic market.

Specialty Chemicals:**

- Revenue decreased from ₹230 crores in Q1 FY24 to ₹160 crores in Q1 FY25, a 30% YoY decline.
- Impacted by inventory rationalization by global agro majors, leading to deferred purchasing decisions.
- New R&D center in Surat contributing to product pipeline with new molecules targeting a revenue potential of ₹40-50 crores.

CDMO Vertical:**

- Revenue decreased from ₹92 crores in Q1 FY24 to ₹81 crores in Q1 FY25, a 13% YoY decline.
- Focus on increasing share of late-stage and commercial molecules with big pharma customers.
- Positive developments noted with drug applications from European big pharma players.

Capacity Expansion:

Agro-specialty Project:**

- CAPEX of ₹540 crores, targeting commercial production by September 2024 with firm orders secured for FY25.

AHF Project:**

- Involves ₹450 crores CAPEX, enhancing HF capacity by 40,000 metric tonnes, expected to commence by end FY25 to early FY26.

cGMP-4 CAPEX:**

- Approved ₹288 crores, progressing as planned for commissioning by end of Calendar Year 2025.

Additional R32 Capacity:**

- CAPEX of ₹84 crores to boost capacity by 4,500 tonnes, on track for completion by February 2025.

Market Insights:

Agrochemical Environment:**

- Current market characterized by destocking and inventory rationalization, leading to weaker pricing and deferred purchases.
- Management believes demand will recover in the second half of FY25 as fundamentals remain strong.

Pricing Dynamics:**

- Management assured that pricing structures with major global players are intact, with no significant impact on margins despite aggressive pricing from Chinese competitors.

Future Outlook:

Optimism for H2 FY25:**

- Expectation that the second half of FY25 will be better than the first half, with improving margin trajectories.

Long-term Growth:**

- Management remains confident in the long-term growth prospects, leveraging existing partnerships and expanding into new markets and product lines.

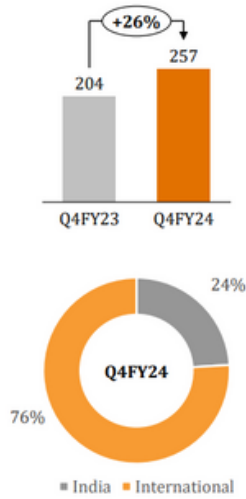
Conclusion:

- The company is navigating current headwinds in the agrochemical sector with strategic capacity expansions and a focus on maintaining strong customer relationships. The management demonstrates optimism for recovery in demand and profitability in the upcoming quarters.

Revenue Highlights

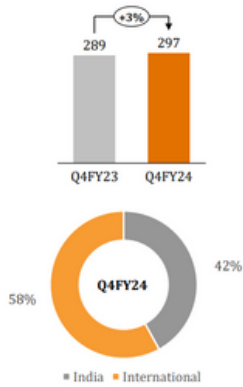
Business Vertical - Specialty Chemicals

Revenues



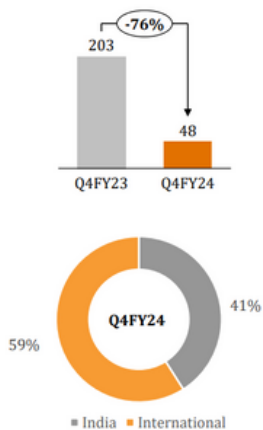
Business Vertical - HPP

Revenues



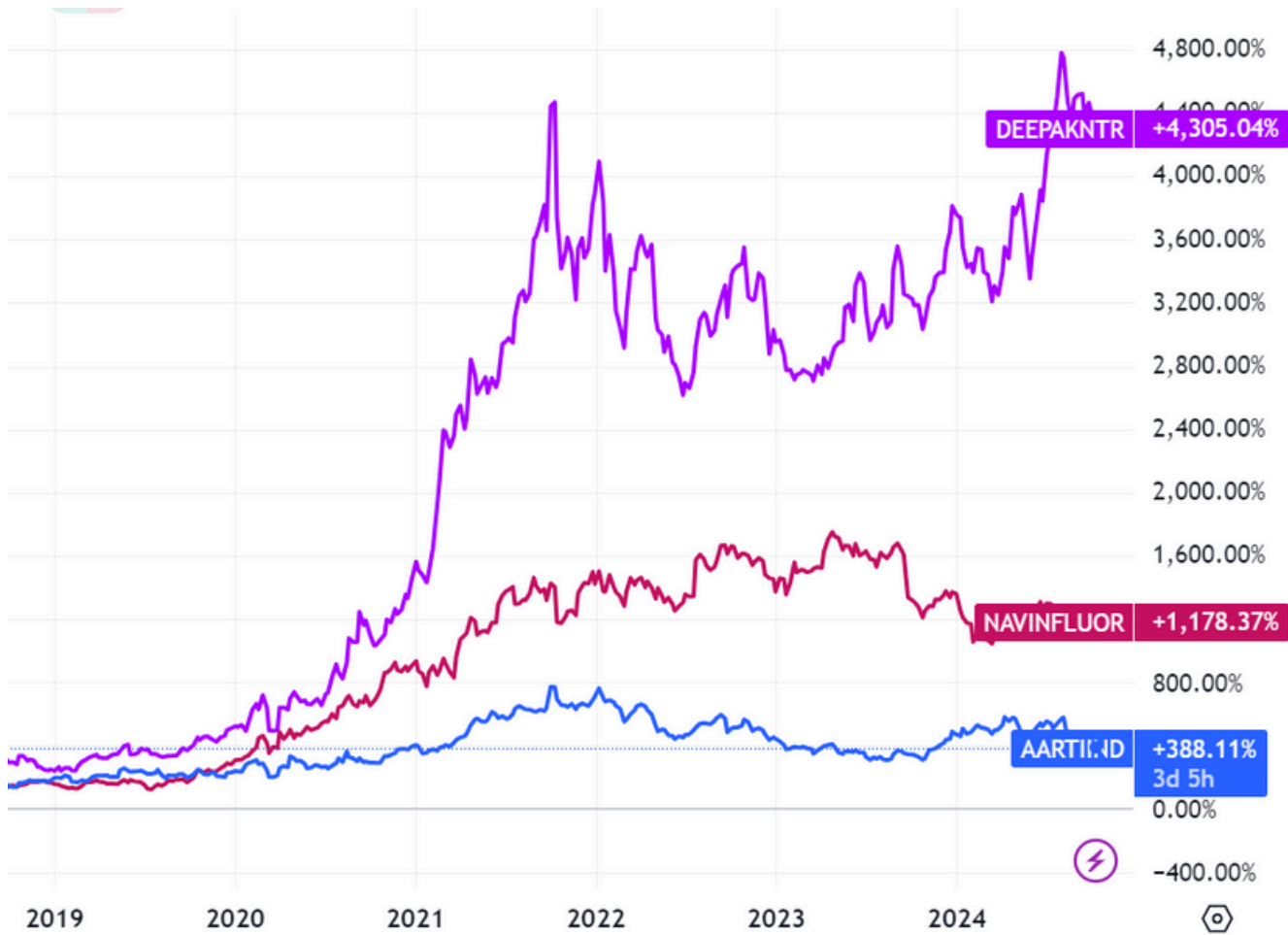
Business Vertical - CDMO

Revenues



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Navin Fluo.Intl.	3360.00	76.34	16663.96	0.36	51.20	-16.79	523.68	6.62	10.43
Deepak Nitrite	2791.00	47.24	38067.25	0.27	202.53	35.11	2166.84	22.54	21.65
Aarti Industries	539.75	40.41	19566.91	0.20	137.00	95.71	1855.00	31.19	7.47

Source: Screener

Final Outlook

NAVINFLUOR : BUY | LTP: 3,362.85

Company's Strong financial standing and steady growth are favorable indicators in the chemical industry, as are revenue growth, profitability, and debt levels of the organization shows a dominant position in the market and benefits over competitors. In the chemical industry, robust and steady growth in terms of revenue, profitability, and debt levels are all signs of a company's financial health.

- Company has a healthy Interest coverage ratio of 59.97.
- The Company has been maintaining an effective average operating margins of 24.15% in the last 5 years.
- The company has an efficient Cash Conversion Cycle of 60.59 days.
- Company has a healthy liquidity position with current ratio of 2.87.

I will Give **Buy** Recommendation for this stock