

18th May 2023

CMP – ₹4,652.45/-

View – Book Profits

Q4FY23 Result Update

- During Q4FY23, the company reported revenue growth of 70% yoy & 24% qoq to ₹697Cr, the growth driven by across all segment (HPP & high value business). EBITDA margins has significantly improved by 589 bps yoy & 100 bps qoq on account of capacity ramp up and product mix.
 - Revenue from specialty chemical was up by 28% yoy & 10% qoq to ₹204Cr in Q4FY23, owing to new product launch, agrochemical intermediate plant has achieved optimal capacity utilization. While CDMO segment revenue grew by 105% yoy & 62% qoq to ₹203Cr v/s ₹99Cr in Q4FY22.
 - Legacy business (HPP) segment revenue grew by 91% yoy to ₹289Cr v/s ₹151Cr in Q4FY22. The growth led by increase in sales volumes of hydrofluoroolefins (HFO) and better realization of refrigerant gas.

Concall highlights

- Specialty chemicals:**
 - New capex progressing on schedule. Plant scheduled to commission by end CY23.
 - The company introduced new products in Q4FY23 which significantly contributed.
 - Agrochemical intermediates plant achieved optimal capacity utilization.
- HPP segment:**
 - Commissioning of R32 Project in Surat is on schedule; sales to start from Q2FY24.
 - The management is witnessing a lot of interest for R-32 from some existing customers as well as from new customers on long term basis. It is also expected that R-32 pricing to remain strong for the coming two to three years.
 - NFASL plant currently operating at optimal utilization.
- CDMO business:**
 - The c-GMP-3 plant has been commissioned post-debottlenecking. The company is planning on establishing a c-GMP4 plant, owing to the strong traction in this business. Opportunities in the nonfluorination space are also increasing in the CDMO BU.
 - Numbers for FY23 surpassed the management guidance of ~\$10 million
 - The company is witnessing new opportunities with key accounts. Some accounts are outside fluorination area primarily driven by good customer relationships.
 - On \$16 mn contract for CDMO business, which was supposed to deliver from April onwards, the management has supplied significant portion in Q4, which is reflecting in revenues. The remaining is expected to get delivered in FY24.
 - The management alluded that it will start production of 2 molecules in FY24 and expects optimum utilization in FY25. The company has started work on debottlenecking of the capacity in its HFO plant which will increase its capacity by 20%. It is also working on new molecules with Honeywell.

Important Statistics

MCAP (₹ bn)	~ 230
52-week H/L (₹)	₹ 4,950.00/₹3,432.85
NSE Code	NAVINFUOR
BSE Code	532504

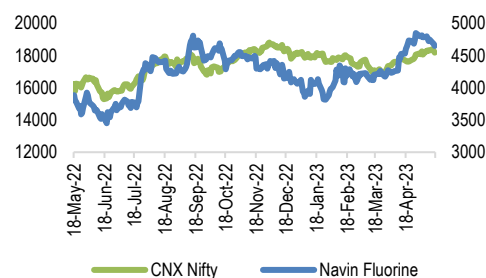
Shareholding pattern (%)	Mar'23
Promoter	28.81%
FII	19.58%
DII	24.84%
Public	26.78%

Financials

	(₹ Cr)			
Particulars	FY22	FY23	FY24E	FY25E
Net Sales	1,453	2,077	2,849	3,294
EBITDA	355	550	712	856
EBITDA Margin	24%	26%	25%	26%
PAT	263	375	480	571
EPS (₹)	53.09	75.72	96.89	115.26
P/E (₹)	88	62	48	41
EV/EBITDA	65	44	34	28
ROE	14%	17%	21%	20%
ROCE	15%	16%	27%	26%
net D/E	0.06	0.39	0.37	0.28

Source: Company, Way2Wealth

Relative Performance



Source: Company, Way2Wealth

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- The management informed about planned shutdown of HFO and HF plants in month of April at Dahej and Surat respectively.
- The pharma molecule that the company was going to commission in the MPP plant has also dropped from the immediate plans of the management; while there is another agrochemical molecule that is under consideration and will commence in 2HFY24.
- The company has announced capex of ₹450Cr for setting up a new 40,000 tpa HF capacity at Dahej which is expected to commission in the next 2 years.
- The management alluded about priorities – 1) stabilize the plant and achieve optimum utilization, 2) debottlenecking of HFO plant – increase ~20% capacity in FY25 and 3) identified new molecules and developed which currently are at early stage.

View

- Going ahead, the company will maintain its growth momentum with revenue of 26% CAGR over FY23-25E, this growth will be driven by the ramp up of HPP & MPP plants, specialty chemical & CDMO will continue to drive robust growth with increasing use of fluorine in the pharma and agro space. We estimate CAGR of 25%/23% in EBITDA/PAT over FY23-25E and sustain EBITDA/ PAT margins at 25-26%/17% respectively.
- **At CMP ₹4,652.45, the stock is trading at PE 41x FY25E EPS of ₹115, 28x EV/EBITDA on FY25E. Hence, we recommend investors to BOOK PROFITS.**

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 View – **Book Profits**
Quarterly Financial Performance

(₹ Cr)								
Particulars	Q4FY23	Q4FY22	YoY % change	Q3FY23	QoQ % change	FY23	FY22	YoY % change
Net sales	697	409	70%	564	24%	2077	1453	43%
COGS	284	197	44%	246	15%	896	665	35%
Employees cost	73	47	54%	69	6%	249	182	37%
Administrative & other Expense	139	71	96%	93	49%	382	251	52%
Total Expenditure	495	315	57%	408	21%	1527	1099	39%
EBITDA	202	94	114%	156	30%	550	355	55%
EBITDA margins %	29%	23%		28%		26%	24%	
Depreciation	8	12	-36%	25	-70%	63	48	31%
EBIT/ Operating Profit	194	82	136%	131	49%	488	307	59%
Interest	14	1	2124%	9	52%	28	2	1348%
Other income	4	12	-68%	10	-60%	36	39	-9%
PBT	184	94	96%	131	40%	496	344	44%
Provision for current tax	34	17	107%	26	32%	106	82	30%
Provision for Deferred Tax	14	2	454%	-1	-1284%	15	-1	-2492%
PAT	136	75	81%	107	28%	375	263	43%
Reported PAT	136	75	81%	107	28%	375	263	43%
PAT margins %	20%	18%		19%		18%	18%	
EPS (Basic & diluted)	27.52	15.17	81%	21.51	28%	75.72	53.09	43%

Source: Company, Way2Wealth

(₹ Cr)								
segment performance	Q4FY23	Q4FY22	YoY % change	Q3FY23	QoQ % change	FY23	FY22	YoY % change
revenue from high value business	407	258	58%	311	31%	1191	913	30%
Specialty chemical	204	159	28%	186	10%	743	566	31%
CDMO	203	99	105%	125	62%	448	347	29%
Legacy business - HPP	289	151	91%	253	14%	886	540	64%

Source: Company, Way2Wealth

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 View – **Book Profits**
Financial Performance

	(₹ Cr)				
Particulars	FY21	FY22	FY23	FY24E	FY25E
Net sales	1179	1453	2077	2849	3294
COGS	537	666	906	1310	1482
Employees cost	142	182	249	370	428
Administrative & other Expense	191	251	382	456	527
Total Expenditure	870	1099	1527	2136	2438
EBITDA	309	355	550	712	856
EBITDA margins %	26%	24%	26%	25%	26%
Depreciation	44	48	63	80	100
EBIT/ Operating Profit	265	307	488	632	756
Interest	2	2	28	32	35
Other income	79	39	36	40	40
PBT	342	344	496	640	761
Exceptional	16				
PBT after exceptional	358	344	496	640	761
Provision for current tax	119	82	106	160	190
Provision for Deffered Tax	-9	-1	15		
PAT	247	263	375	480	571
Reported PAT	258	263	375	480	571
PAT margins %	22%	18%	18%	17%	17%
EPS (Basic & dilluted)	51.97	53.09	75.72	96.89	115.26

Source: Company, Way2Wealth

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Disclosure of Interest Statement Navin Fluorine International Limited as on 18th May 2023

Name of the Security	Navin Fluorine International Limited
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	
Financial Interest	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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