

values  
enrich



PADMANABH  
MAFATLAL  
GROUP

Creating value. Sharing value.



Navin Fluorine International Limited  
ANNUAL REPORT 2016 - 17



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Revenue

₹ 701 crore

in FY2016-17



EBITDA

₹ 207 crore

in FY2016-17

PAT

₹ 134 crore

in FY2016-17

### Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS:

Mr. H. A. Mafatlal	(DIN:00009872)	Chairman upto 19.8.2016
Mr. V. P. Mafatlal	(DIN:00011350)	Chairman from 20.8.2016
Mr. T.M.M.Nambiar	(DIN:00046857)	Director
Mr. P N. Kapadia	(DIN:00078673)	Director
Mr. S. S. Lalbhai	(DIN:00045590)	Director
Mr. S. M. Kulkarni	(DIN:00003640)	Director
Mr. S. G. Mankad	(DIN:00086077)	Director
Mr. H. H. Engineer	(DIN:01843009)	Director
Ms. R.V. Haribhakti	(DIN:02409519)	Director
Mr. A. K. Srivastava	(DIN:00046776)	Director
Mr. S. S. Khanolkar	(DIN:02202839)	Managing Director

### COMPANY SECRETARY

Mr. N. B. Mankad

### BANKERS

State Bank of Hyderabad  
AXIS Bank Limited  
HDFC Bank Limited

### AUDITORS

Messrs Deloitte Haskins & Sells  
Chartered Accountants

### SOLICITORS

Vigil Juris

### REGISTERED OFFICE:

2nd Floor, Sunteck Centre, 37/40, Subhash Road,  
Vile Parle (East), Mumbai 400057.  
Tel.: 91 22 6650 9999, Fax: 91 22 6650 9800  
E-mail: info@nfil.in, Website: www.nfil.in  
CIN: L24110MH1998PLC115499

### UNITS:

Navin Fluorine, Surat 395023 (Gujarat)  
Navin Fluorine, Dewas 455022 (M.P.)  
Navin Fluorine, Dahej 392130 (Gujarat)

### REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot no. 31-31, Gachibowli,  
Financial District, Nanakramguda, Hyderabad 500032  
Tel # 040 67162222 -24,  
Telefax # 040 – 23001153  
Email # einward.ris@karvy.com, navin.ris@karvy.com  
Website: www.karvycomputershare.com


### INVESTOR RELATIONS CENTRE

Karvy Computershare Private Limited  
24-B,Ground Floor, Rajabahadur Mansion,  
Ambalal Doshi Marg, Behind BSE, Fort,  
Mumbai 400 023.  
Tel: 022-66235454,  
Fax: 022-66331135.  
201, Shail Complex, Opp. Madhusudan House,  
Off: C.G. Road, Near Navrangpura Telephone Exchange,  
Ahmedabad 380 006.  
Tel. No.079-26400527, 65150009.  
E-mail: ahmedabad@karvy.com

### 19th ANNUAL GENERAL MEETING

On Thursday the 29th June, 2017  
At 3.00 p.m. at Rama & Sundri Watumull Auditorium,  
K. C. College, Dinshaw Wacha Road,  
Churchgate, Mumbai 400020

1. Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.
3. The Listing Fees for the year 2017-18 have been paid by the Company to BSE Ltd. and National Stock Exchange of India Ltd. where the shares of the Company are listed.

A grayscale photograph of a female scientist in a laboratory. She is wearing a white lab coat, a white surgical mask, and clear safety goggles. She is looking down at a rack of test tubes and a round-bottom flask. The background is blurred, showing more laboratory equipment.

## At Navin Fluorine International Limited, we have consistently believed that values enrich.

Excellence at work creates stakeholder value.

We share this value with partners in our journey.

We create a sense of belonging with those with whom we work.

We are fair with all our stakeholders.

We engage in honest communication.

The ferment of these values translated into our performance in F.Y.2016-17.



The company reported yet another year of superlative profitable growth:

Revenue  
increased  
**10%**

Profit  
after tax  
strengthened  
**55%**





## CHAIRMAN'S OVERVIEW

We believe that in business, as in life, there is no single owner. Value is created together and shared together, even if guided by a single custodian.

### Values enrich

At the Padmanabh Mafatlal Group, of which our company Navin Fluorine International Limited is the flagship, value-creation and value-sharing represent our foundation.

We believe that in business, as in life, there is no single owner. Value is created together and shared together, even if guided by a single custodian.

The promoter is the custodian of this value, which is created for all stakeholders - employees, vendors, shareholders and others.

Even as we seek excellence, fairness and transparency at the individual and team levels, our collective responsibility extends to society and the nation.

### Rebranding around values

Our new Group's visual identity reflects our philosophy of trusteeship and value sharing through the visual depiction of coins (small discs) that come together to form the letter 'P' of Padmanabh Mafatlal. The visual depicts that one disc exits the formation, indicating that the heart of the Group is reaching out to the world.

At our Group, these values were professed across the decades. They represent a rich legacy drawn from the same value-tree lineage of my late grandfather Arvind Mafatlal. The result is a value system serving as a consistent frame of reference for everyone at our company.

### The five principles

As a custodian of stakeholder interests, we enunciated five principal elements of this distinctive way of doing business.

#### Principle one. Excellence at work = Creating value

We must be the best-in-class. We must engage in excellence in whatever we do across levels and locations.

#### Principle two. Partners in journey of the company = Sharing value.

We believe that equitable value-sharing across internal stakeholders represents the first step in enhancing value for external stakeholders.

#### Principle three. Sense of belonging = Our company's interest first.

We believe that trust begets trust. We enhance loyalty and commitment when we treat our family and stakeholders in the same way.

#### Principle four. Fairness towards all stakeholders.

We believe that fairness across internal and external stakeholders translates into enduring mutual respect and trust.

#### Principle five. Honest communication.

We believe that we must communicate what we see - comprehensively and consistently - across all stakeholders at all times.

I believe these values are more than just a better way of doing business. They are a better way to live.

**Vishad Mafatlal**, *Chairman*



**Shekhar Khanolkar**  
Managing Director

*Dear Shareholders*

F.Y.2016-17 was one of the best years in the history of the Company. Navin Fluorine International Limited achieved most of its targets during the year. While revenues grew by 10%, EBITDA increased by 47%, PAT strengthened by 55% and EBITDA margin widened by 700 bps.

We reached such figures in the year under review because of our consistent performance over a considerable period of time. A decade ago, Navin Fluorine was a high-volume, low-value commodity player. The Company was faced with a challenge, competing in the areas where the global environment was not supportive. The given ultimatum was to evolve or perish.

The Company embarked on a strategic re-invention with the objective to grow its value chain, leveraging its inherent strength in fluorination chemistry. This was challenging for a number of reasons. What was required was a completely different organisation mindset, a different class of knowledge, customer engagements extending from transactions to relationships, changed customer profile and local benchmarks that migrated to the global.

The Navin Fluorine ecosystem responded by rising to the challenge under the able direction of our Board. Challenges were embraced. All the employees set stretched and specific targets for themselves. Learning curves declined. Continuous improvements were explored. New ways of working competencies were adopted. Internal standards for operations and supply chain were raised substantially.

Navin Fluorine International Limited evolved. The Company began to

emerge as a truly global player. The share of value-added products increased steadily. The proportion of revenue from top global companies increased every year. The investment in world-class research, development and technology assets coupled with team work started generating desired results.

Our CRAMS business model proved to be a game changer. When we entered this segment, we needed to create a global facility capable of handling the scrutiny of stringent international customer audits. These audits, over the years, inspired a proactive preparedness, compliance with evolving guidelines and customer expectations. We continuously invested in our Dewas facility as the customer traction continued to increase, reflecting growing revenues from this business. Our acquisition of Manchester Organics was an integral part of our CRAMS strategy. We integrated Manchester Organics operations

**47%**

EBITDA increased

**55%**

PAT strengthened

**700bps**

EBITDA margins widened.



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I am pleased to report that the Company's outlook appears more optimistic. The business enjoys scale, partnerships, profitability and growing product pipeline, which is likely to translate into a stronger business sustainability.

with our Dewas operations to create a robust global CRAMS delivery model extending from gram to tonne levels. Today we have effectively consolidated the capabilities of the two organisations in completely different geographies towards a superior customer experience.

We also believed that in addition to standalone product development projects, we needed to invest in joint ventures with large global companies. During the past few years, we entered into such relationships with a few companies. Our collaborative work with Piramal Group to develop, manufacture and sell certain specialty fluorochemicals is one such effort. During the year under review, we launched the Dahej plant and started commercial despatches to Piramal facility. Our recent partnership with Honeywell to develop a new refrigeration gas (R 1234yf) is another example of efforts in this direction. This illustrates the confidence of global giants on the technological capabilities of Navin.

With research-driven business specialty, CRAMS will continue to remain the focus of investments in the future. We realise and appreciate the contribution of two traditional businesses - refrigeration gases and inorganic fluorides. Both these businesses contribute to the profit growth of the Company substantially and we expect

to see their enhanced contribution to our business in future also.

The result is that Navin Fluorine International Limited is an evolved Company with sustained profitability.

### Outlook

I am pleased to report that the Company's outlook appears more optimistic. Its business enjoys scale, partnerships, profitability and a growing product pipeline, likely to translate into stronger business sustainability. Navin Fluorine finished F.Y.2016-17 with ₹748 Crore in consolidated revenues. Within the next few years, we will continue to invest in the business to maintain growth sustainability. We strongly believe that substantial holistic growth is indeed achievable since we enjoy an attractive order book, work with a large proportion of global customers from different sectors and enter into business-strengthening product development alliances with large technology-led innovators.

### Overview

We are thankful to our shareholders for supporting the challenging transition in our existence. We believe that our business initiatives will add significant value for every single member of our growing stakeholder family.

**Shekhar Khanolkar**  
*Managing Director*

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## values at Navin Fluorine...



### **Excellence at work = Creating value.**

Excellence as a culture and not as a reaction; excellent in thought and action; excellence in everything we do



### **Partners in journey of the company = Sharing value.**

We create an overarching ecosystem; driven by relationships over transactions; leave adequate sustainable value for all partners; you grow when we grow – and not vice versa



### **Sense of belonging = NFIL's interest first.**

We delegate and empower; make people lead; focus on professional and personal growth; extend engagements from the financial to the emotional; create emotional buy-in among stakeholders



### **Fairness towards all stakeholders.**

We become the custodian of stakeholder interests; engage on the basis of fairness; live and demonstrate this philosophy; apply equally across all tiers, functions and geographies



### **Honest communication.**

We tell the truth as it is; truth is defined by accurate and comprehensive communication. We communicate consistently irrespective of market cycles and varying circumstances