



“Navin Fluorine International Limited Q3 FY-’15 Earnings Conference Call”

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Moderator:

Ladies and Gentlemen, Good Day and Welcome to the Q3 FY-'15 Earnings Conference Call of Navin Fluorine International Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. This conference call may contain certain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. I now hand the conference over to Mr. Shekhar Khanolkar — Managing Director of Navin Fluorine International Limited. Thank you. And over to you, sir.

Shekhar Khanolkar:

Good Evening and Warm Welcome To All Participants. Today, I am also joined by Mr. Partha Roy Chowdhury — our CFO. I hope you have received our Results and Presentation. We have also uploaded the same on our website. I will give a brief business update followed by a commentary on the financial results by Mr. Partha Roy Chowdhury.

Before we go for division wise discussions, I would like to highlight that we have seen an overall increase in the business across all divisions. This has led to a margin expansion as operating leverage has spread out. We also believe that this is a sustainable level of performance for the quarters to come. Regarding businesses: Refrigerant Business has performed fairly well with volumes improvement especially in exports. Domestic demand for R22 remain robust from Refrigeration and Feedstock segments. We expect this business to be fairly stable in quarters to come.

Coming to Inorganic business, in the year so far, we have been working on increasing our geographic spread for our products. We have already started seed marketing some of our products into global markets and we are getting encouraging response. With this our export proportion from this BU is expected to increase, improving our operating efficiency in this segment.

In the Specialty Chemicals segment, most of our products have done extremely well so far. The multipurpose plant at Surat for Specialty Chemicals division has started contributing to our top line. We see the contribution from this plant increasing in the future.

We introduced a few new products on domestic and international market this year. This has helped us to expand our product basket and now we are able to offer more products to our regular customers, and in the process we have also added a few new customers.

Coming to CRAMS business, the expansion activities at Dewas for CRAMS are progressing as planned and the new facility is expected to be operational by H1 FY-'16. This quarter the CRAMS business has done revenue of Rs.4 crores but we have visibility of our order book for

next two quarters and we remain positive on the growth of this business, but at the same time we must realize that due to the very nature of CRAMS business it is difficult to time the recognition of revenue even though we have a clear visibility of the business.

Our JV project at Dahej with Piramal Enterprises is moving along smoothly and we expect the project to be commercial by H2 FY-'16 as planned. That is all from my side. Now I will hand over to Mr. Partha Roy Chowdhury our CFO who will take you through the financial performance of the company.

Partha Roy Chowdhury: Thanks, Shekhar, and a Very Good Afternoon to all the Participants. I will share some of the high points of our performance following which we shall be happy to respond to your queries. In the 3rd quarter, the company registered a revenue of Rs.146 crores year-on-year growth of 33% from Rs.110 crores in the same quarter last year and 17% growth quarter-on-quarter from Rs.124 crores in the previous quarter. For 9-month ended company registered revenue of Rs.400 crores, year-on-year growth of 33% from Rs.325 crores in the same period last year. The growth in revenue was mainly driven by improved volumes across Refrigerants, Specialty Chemicals and Inorganic Fluorides businesses. Refrigerants contributed approximately 36% to the turnover, while Specialty Chemicals contributed 40%, Inorganic Fluorides contributed 20%, and the balance is from CRO CRAMS. Contract Research revenue has marginally improved from second quarter of the current financial year; however, based on our order book visibility the outlook for this BU remains positive. Operating EBITDA for the quarter is at Rs.19 crores, growth of 44% year-on-year from Rs.13 crores. EBITDA margin expanded by more than 100 basis points to 12.9% in Q3 FY-'15. Chloroform price still continues to be at the previous quarter's high level despite that the EBITDA margin has expanded by 100 basis points year-on-year predominantly on account of higher volumes and consequential higher turnover. Our income for the quarter is at Rs.4.8 crores with rental income of Rs.2.99 crores and treasury income of Rs.1.76 crores. Interest expenses at Rs.17 lakhs is a reduction of 87% year-on-year. Net profit for the quarter is at Rs.14.20 crores as against Rs.6.85 crores in Q3 FY'14. A growth of 107% year-on-year returning a net profit margin of 9.7%. For the 9-month period, net profit is at Rs.33 crores, a marginal growth of 1% year-on-year. This is all from our side and now we leave the floor open for your questions and we will be happy to answer them. Thank you very much.

Moderator: Thank you. Participants, we will now begin with the question-and-answer session. The first question is from the line of Narayanan R from Cholamandalam Insurance. Please go ahead.

Narayanan R: Sir, a couple of basic questions. What is the import protection that R22 enjoy currently from the Government of India?

Partha Roy Chowdhury: Essentially R22 is a restricted item for import for which specific approvals are required from the Ministry of Environment and based on that the (DGFT) Director General of Foreign Trade issues an import license. And once the license is obtained, and then it of course has to pass

through the similar duty regime at 7.5% etc., as a chemical. So that is the sort of import regulation which we have on R22.

Narayanan R: In the market there are people who imported. As long as you have a license you can import it.

Partha Roy Chowdhury: Yeah, of course.

Narayanan R: So imports will be like what percentage of the market overall?

Partha Roy Chowdhury: We do not have industry data on that, so I do not have information.

Narayanan R: How to think about the long-term trajectory of R22 revenues in the light of. Will you be manufacturing the successor products also like R134A or pentafluoroethylene how does it work?

Partha Roy Chowdhury: 134A is not a successor of HC FC22; one is not a dropping sort of substitute for the other. For R22, there are higher generation other products which are HFCs. We deal with them in the sense that we use our trade channels to service our customers with those alternatives but we do not manufacture any one of them.

Narayanan R: But if the market shifts to that, then you will be able to do it, right?

Partha Roy Chowdhury: Yeah, we will take a call accordingly but the market will have to reach a certain threshold for us to take that decision.

Moderator: Thank you. The next question is from the line of Abhinav Gupta from Edelweiss. Please go ahead.

Niraj Mansingka: This is Niraj Mansingka. Two questions; can you give us some visibility of the CRAMS you have just mentioned you have visibility for next few quarters?

Shekhar Khanolkar: This is Shekhar Khanolkar. Basically when we say we have visibility, in the sense that we have certain traction with customers, either we have some orders with us or we are expecting a few orders in the next couple of weeks, that is what the visibility we talk about, though it is difficult for me to really put a number on that, but we are confident that it is in a very positive direction.

Niraj Mansingka: But just to take some numbers there, since that how large can this Rs.15 crores revenue that is reported in CRAMS, can you give the scale of where the range as per your estimate can be seen in FY16 or FY17, I just wanted to know a thought process that you are having there?

Shekhar Khanolkar: No, thought process in the sense I cannot give you any number right now, because I would not have that number with me right now, but fundamentally as you know that we are investing in this business, and our new plant would start operating by early next year, so in terms of the business plan there are a lot of activities which are happening on this business and with the

traction with the customers what we have and indication from the customers we have, we feel that there is a good positive outlook for this business.

Niraj Mansingka: When you say that in the next few weeks you are signing and you have already some orders in hand, can these numbers of Rs.15 crores revenue...?

Shekhar Khanolkar: I cannot comment on the numbers, sorry.

Niraj Mansingka: But with the CAPEX that you have spent also has a limitation of the revenues that you can also block, right?

Shekhar Khanolkar: Yeah so any capacity would have, because only thing is CRAMS business, as you know there is no specific product with which you build a plant, so basically what kind of pricing or the product is and what kind of time it requires to manufacture, that determines the capacity of the plant. So from that perspective it becomes very difficult to what extent will get utilized or what numbers are difficult to tell.

Niraj Mansingka: But from existing capacity that you have on the CRAMS, how much at max revenues can you do?

Shekhar Khanolkar: From the existing capacity about Rs.45 crores to Rs.50 crores. Again this is relative because as I said earlier the same issue is here is that what kind of products would come, that we would not know.

Niraj Mansingka: I understand sir, what you are saying is that some products have different processes and timelines. So, the range can be different in terms of say it can be 30 to say 60 crores also, but I was just looking at that broad range, I think that would also be okay. And you are telling you are putting up another plant next year, right?

Shekhar Khanolkar: There is a plant which we have already invested in there, that should get operational early next year.

Niraj Mansingka: What time that plant will start?

Shekhar Khanolkar: First half of next financial year.

Niraj Mansingka: This is not the JV you are talking, the other one?

Shekhar Khanolkar: No, other one it is Dewas.

Moderator: Thank you. The next question is from the line of Sudarshan Padmanabhan from Sundaram Mutual Fund. Please go ahead.

Sudarshan Padmanabhan: Is there kind of any one-off cost that are sitting in your numbers because I think if you are looking at it, you rightly pointed out your gross margins have come down and there is a lot of operating leverage that has played in the other expenses side?

Shekhar Khanolkar: Absolutely purely operational.

Sudarshan Padmanabhan: Can you give some outlook on the Chloroform prices which has been a bit on the higher side now for at least the last two quarters? And how the prices for Fluorspar been?

Shekhar Khanolkar: The Chloroform prices remain at the same level as last quarter, so it continues to remain tight, in fact there is a little upward trend for the last couple of weeks we have seen, so I do not see any respite in Chloroform prices at least in our coming quarter. As far as Fluorspar is concerned in this whole year has remained almost stable, moving into (+/-5-10%) kind of a bandwidth.

Moderator: Thank you. The next question is from the line of Dixit Mittal from Subhkam Ventures. Please go ahead.

Dixit Mittal: Starting with the Refrigerant Gases, you have done Rs.146 crores revenue in nine months which is equal to the last year's revenue. So incrementally what kind of growth rate that you can expect from the Refrigerant and what is the growth driver in this business – is it ACs or Pharma is driving the growth?

Partha Roy Chowdhury: We have done about Rs.146 crores in 9-months. So you can extrapolate the number from here for the 12-months broadly speaking. This is going to be the same rate in Q4 as well. Now if we are talking about the growth, predominantly the growth has come from the exports market, and it is the export trade market. Therefore in our understanding it does not have a strong correlation to the demand which has gotten generated from the Air-Conditioning businesses. We are catered to a generic sort of demand.

Dixit Mittal: Retrofit that is going to which segment?

Shekhar Khanolkar: In the Air-Conditioning and Refrigeration segment.

Dixit Mittal: So this kind of growth will continue going forward as well next two-three years?

Partha Roy Chowdhury: This kind of volumes will continue but not growth, because as you may probably know 2015 calendar year, phase down of HCFCs is starting. So this has a 10% sort of a phase down in Calendar Year 2015.

Dixit Mittal: So this year you will be producing 10% less for Refrigerant?

Partha Roy Chowdhury: It is on a calendar year basis and not financial year basis, so you cannot really extrapolate it, but by and large we will probably produce 10% less or maybe 5% less, something like that.

Dixit Mittal: So that cap is effective from January 15, that has already been in place?

Partha Roy Chowdhury: Yes.

Dixit Mittal: Secondly, in CRAMS, currently we are doing around 50% of the peak revenues in terms of our existing capacity. So how confident are you that you will be able to utilize the Dewas facility where you are putting Rs.60 crores CAPEX that you said will come in first half, so that is also I guess for CRAMS, right?

Partha Roy Chowdhury: Yes.

Dixit Mittal: So if our existing facilities we are able to utilize around 50%, so sir what gives you confidence that we will be able to utilize Dewas facility to the optimum utilization levels in next one to two years?

Partha Roy Chowdhury: There are two parts to your question and I shall respond them differently; to the first part to your question which is about the filling up of the existing capacity, we have an existing capacity and the current gap which one may observe is purely on timing difference, we have no doubts in terms of filling this capacity in, and the timing difference is for us to procure the orders. We have a capacity; therefore there is an overflow into the next financial year which one may expect. As far as the expanded capacity is concerned, the fact that we have gone ahead and put that capacity would definitely give a message that we have certain amount of confidence to be able to fill that in. Now the question is if you are asking me, whether it will get filled from the first quarter itself, we cannot give you any assurance, but if you are talking about 4-5 quarters down the road, yes, there is an assurance that these capacities will get filled in.

Dixit Mittal: Inorganic Fluoride revenue seem to be flat or slightly down YoY. So any particular reason for that?

Shekhar Khanolkar: Basically because Steel segment we had some customers not buying some quantities because of their internal issues, so that was the reason, otherwise from the business perspective there are no issues in that, it is only certain major customers they were not in the market for some time.

Dixit Mittal: So that you expect to normalize from Q4 onwards?

Shekhar Khanolkar: Yes.

Dixit Mittal: In Specialty Chemicals, growth seems to be around 40-50%. So any particular reason for this thing?

Shekhar Khanolkar: No, as I said in my talk, Specialty business has done well in all the products within the segment. So, whether the existing products as well as the new products which we are launching

through our multi-product plant where we invested in last couple of years, so those products are also getting traction with the customers. So, there is an overall impact of all these activities.

Dixit Mittal: In these two segments – Inorganic and Specialty – how much is the current capacity utilization?

Shekhar Khanolkar: The problem is in the Specialty business, it is a multi-product plant, so it is really difficult to talk about, it is similar CRAMS when I talked about is very difficult to decide the capacity utilization because these are plants where you can make at any point of time more than 5 to 6 products and the different combinations of that, but we have enough activities and products planned as we go along in the next financial year in Inorganic as well as in Organic.

Dixit Mittal: So sir any growth rate that you are targeting in Specialty Fluoro Chemicals in the next two-three years in terms of revenues?

Shekhar Khanolkar: I see a good traction in Specialty business right now and I do not see any specific reason that why we should not continue with that, but as the market players we would not know in domestic as well as international markets, but we see a good opportunity in this Specialty as well as the Inorganic business because Inorganic business we are also looking at launching a few products, so that will also give us some revenue increase upside, and we are also looking at getting more into the international segments in Inorganic products where we do not have much presence in those markets. So, on those segments, we are seeing good growth for next year.

Dixit Mittal: Any CAPEX plan in these two segments – Inorganic and Specialty – for the next one to two years?

Shekhar Khanolkar: Yes, there are, but those are at a stage where we are working out various projects and other activities are going on right now. So I would not have any number to give you at this point of time.

Dixit Mittal: But current capacity is sufficient for the next two years growth in these two segments?

Shekhar Khanolkar: I do not think so, we have to add capacities.

Moderator: Thank you. The next question is from the line of Rahul Bhagadia from Lucky Investments. Please go ahead.

Rahul Bhagadia: Just two small questions; one is as you mentioned the Chloroform prices have since struck around the highs that were there in the previous quarter. Any movement on the price of R22 itself, has that seen an uptick or there is no possibility of that happening at all?

Partha Roy Chowdhury: R22 price have marginally improved if we really compare quarter-on-quarter.

Rahul Bhagadia: But nowhere near enough to compensate for the Chloroform price rise?

Partha Roy Chowdhury: No.

Rahul Bhagadia: So the numbers that we see in Q3 is in spite of the hit that you are taking on the Chloroform prices which I believe have doubled from what they were last year?

Partha Roy Chowdhury: Yes, you are right almost.

Rahul Bhagadia: Second, is there any direct/indirect impact of crude oil price or any of your businesses in terms of pricing, volume, anything at all?

Shekhar Khanolkar: No, our business is that way not directly related to crude prices anyway because we do not use large amount of solvents, Chloroform is a different situation in terms of supply/demand, otherwise we use Sulfur which is moving as per again supply/demand situation, but otherwise we are not directly related to any of the oil factors. So there is no positive and negative impact. Only to the extent of where your transportation cost reduces when the diesel prices come down, but that is a very-very marginal impact on the overall business.

Rahul Bhagadia: So basically there is no crude oil relationship to anything the pricing, the volume, nothing at all?

Shekhar Khanolkar: Not really.

Moderator: Thank you. The next question is from the line of Rohit Gala from Insync Capital. Please go ahead.

Rohit Gala: Sir, can you just give us some color on to your Manchester Organics as to how the revenues and profitability are shaping up?

Partha Roy Chowdhury: Manchester Organics is probably going to end this year anywhere between £4.5 to 5 million in terms of top line and we will be very close to £1 million in terms of the bottom line, may be give or take some 10-15% here and there. So this is how Manchester Organics is probably going to emerge.

Rohit Gala: You say £1 million, that would be post tax?

Partha Roy Chowdhury: Profit before tax.

Rohit Gala: How is the taxation in Manchester Organics?

Partha Roy Chowdhury: Manchester Organics there is no tax implication on them because it is an R&D outfit, a very large part of expenditure is actually considered as R&D expenditure, so therefore there is no impact of tax on the earnings of Manchester Organics.

Rohit Gala: So basically then our effective tax rate on consol basis would be then?

- Partha Roy Chowdhury:** Would be the weighted average of say, for example, it is about 22% to 22% for Navin Fluorine and 0% for Manchester Organics.
- Rohit Gala:** So it would remain in the same proportion at 20-25%?
- Shekhar Khanolkar:** No, it will go down on a weighted average basis.
- Rohit Gala:** Can you just give us some color on to the EBITDA margins into this different segment as to where you would be having more better margins compared to say Refrigerant or Specialty or CRAMS?
- Partha Roy Chowdhury:** At the EBITDA level this year, the margins are broadly similar, because most of the verticals which we have are multi-geography and multi-product verticals. So the interplay of the margins of various products sort of offset each other and we have broadly similar EBITDA margins in all the segments. Having said that our aspirations of EBITDA margin in the CRAMS segment is obviously higher.
- Rohit Gala:** So we should be in the same margins of 11-12% or we can go back to the peak of 15% with the CRAMS coming in another couple of years?
- Partha Roy Chowdhury:** I do not want to quote any number; I am sort of giving you the broad directional sense.
- Rohit Gala:** What we are seeing now that the CRAMS you have seen that the timelines getting post and it would be that coming into your Q4 or the early next year, but you see that kind of growth momentum what you had guided earlier, that CRAMS business shaping up to?
- Partha Roy Chowdhury:** Yes, there is no course correction or any sort of visibility of the earlier plans not going on track or as we had expected, these are all issues of timing and these are all issues of ramping up in the Contract Manufacturing business, you also will realize that we are working with pharma companies, our market segment or the customer segment is pharma, therefore, it has certain extended regulatory compliance requirements, even those things take some time to fructify. So, it is an impact of all that.
- Rohit Gala:** What would be the CAPEX we have incurred for this quarter and total on to the Dewas project till date?
- Partha Roy Chowdhury:** Dewas is by the end of this year we shall spend about Rs.60 crores in Dewas, beyond that we have a maintenance sort of CAPEXS, we did not really have any major capacity expansion-related CAPEX. This, of course is outside of the Rs.30 crores investments as promoters capital which we have to put into the JVC.
- Rohit Gala:** How this Rs.60 crores plus Rs.30 crores been funded?

Partha Roy Chowdhury: Predominantly from internal accruals, but we also have a term loan which has been tied up, which is getting drawn down as and when we require.

Rohit Gala: Any proportion you can share with the debt-equity on to the Dewas project Rs.60 crores?

Partha Roy Chowdhury: Term loan is on a 2:1 basis, but we may not draw down fully.

Moderator: Thank you. The next question is from Prakash Buva who is an independent analyst. Please go ahead.

Prakash Buva: We are the largest integrated Specialty Fluorochemical Company in India. Can we know which are the top three companies in the world in this range and what are their turnovers because it combines a lot of product mix and all that, so we want an indication? And secondly, our profit margins have been lower at around 8% PAT level compared to 11.25% for the whole last year. So, do you think the profit margins will at least make up for the current financial year or a little better because of volume, profit margins which were 11.2% PAT last year compared to this complete financial year?

Shekhar Khanolkar: Answering first question, in Fluorochemical segment there are many companies in the world like DuPont, Honeywell, Solvay and many companies, these are the companies which have Fluorochemicals plus lot of other products. Now the product mix in Fluorochemicals segment for them as well as product mix for Fluorochemicals segment for us is different. So it is very difficult to really compare the turnovers and margins of those companies with us, but as I said globally Fluorochemicals, there are a few big names like DuPont, Solvay, Honeywell and these kind of companies so fundamentally you have to look at what they are doing and their balance sheets in terms of their product portfolio and their turnover. And second question in terms of profit margins, yes, the profit net profit margins are lower this year, but it is very difficult for me to let you know at this point of time whether end of the year we will have the same margins or not. We have shown a good performance over previous quarter of this financial year and we expect the similar performance to continue in quarter to come.

Prakash Buva: About the number of scientists that we have employed in the research and development in both the places, are they are at Surat or Dewas? How many number of young scientists you have?

Shekhar Khanolkar: We cannot disclose any number of scientists over there.

Prakash Buva: Or Manchester Organics for that matter, just to consider, give some idea as to how much we are going strong at research activity

Shekhar Khanolkar: Of course, the research capabilities do not depend only on number of scientists, it also depend upon various other factors in terms of competencies, handling, fluorine chemistry and other matters, but we do not want to disclose any number of scientists either at Manchester Organics

or here in Surat, only thing I can tell you that we have adequate number of scientific resources available to manage our growth going forward.

Moderator: Thank you. The next question is from the line of Raghava Reddy from Unifi Capital. Please go ahead.

Raghava Reddy: On the JV part, you said that the first phase of the investment you need is about Rs.120 crores. Is this Rs.120 crores from your side for the total requirement of the first phase?

Partha Roy Chowdhury: It is a total requirement of the JVC for the first phase.

Raghava Reddy: What would be the total cost of this JV?

Partha Roy Chowdhury: Rs.120 crores.

Raghava Reddy: No, this is the first phase and going forward, total requirement?

Partha Roy Chowdhury: Currently, it is at that level, we do not have a visibility of the next level, we will start the JVC and then we will see. By using the phrase 'phase' we are basically indicating that it is an expandable proposition.

Raghava Reddy: You have the cash which you mentioned that you will be looking at a different business opportunity. So could you give a sense of are you looking at acquisitions in India or outside India, in the sense of how it is used?

Shekhar Khanolkar: No, we are looking at various projects, whether it is inorganic as well as organic growth, so we continuously look for possibilities whether in India or outside to see whether we have certain kind of businesses or activities which can complement our existing businesses. So those discussions and those things continue to happen at various levels, this also includes our in-house projects where we can put in our investable funds into that.

Moderator: Thank you. The next question is from the line of Pritesh Cheddha from Emkay Global. Please go ahead.

Pritesh Cheddha: Can you give some idea on the capacity utilizations in the three lines of businesses?

Partha Roy Chowdhury: As far as the Refrigerant business is concerned, it is sort of capped by the capacities which we have whatever is allowed under the ozone regulations. We are operating almost at that cap level this year.

Pritesh Cheddha: With 100% utilization?

Partha Roy Chowdhury: Almost 100%, yes.

- Pritesh Cheddha:** We make the most, that is R22 out of the...?
- Partha Roy Chowdhury:** Yes. Then we come to the Inorganic Fluorides which has a combination of several products, but if we have to sort of ask me what is the percentage capacity utilization, I would say it is anywhere between say 65% to 75%.
- Pritesh Cheddha:** What type of capital to output ratio is possible in Inorganic Fluorides plant?
- Partha Roy Chowdhury:** All our Inorganic Fluorides plants are very old. So any correlation which we may have is probably not relevant today, because one HF plant will probably cost Rs.200-300 crores of that order so if we have to put up a capacity of 20,000-30,000 tonnes. You will have to understand, Navin Fluorine that part of the mathematical exercise may not really help in Inorganic Fluorides. Plus it also supplies captively to the downstream plants so you require HF. But you can assume the capacity utilization is of the order of 65% to 75%. As far as the Specialty Chemicals is concerned which is again a larger basket, my sort of take will be anywhere between 75% to 80%-85% of that order.
- Pritesh Cheddha:** Your expanding capacity is actually in Specialty Chemicals or CRAMS?
- Partha Roy Chowdhury:** We are expanding capacity in both the places depending upon the project which are there. CRAMS already as we said the investment is already done. So that would be ready by early next year. Because Specialty we have a few multi-product plants, few independent plants. So depending upon the product mix, we go on adding either de-bottlenecking or we add capacities on to the plants.
- Pritesh Cheddha:** From a business standpoint of view, you will make more margins in Specialty Chemicals followed by CRAMS, followed by the other two?
- Shekhar Khanolkar:** As Mr. Partha Roy Chowdhury said, this quarter has been a mixed quarter, where with the various reasons affecting the various businesses, we are there with almost all the segments in similar margins, but our expectations for better margins are from our CRAMS and Specialty business.
- Pritesh Cheddha:** Directionally, if we just keep this quarter analysis out, it is Specialty Chemicals and CRAMS which would make more margins than the other two businesses?
- Shekhar Khanolkar:** Yes.
- Pritesh Cheddha:** The first business is where the growth is not there because R22 should see 5% volume phase out?
- Shekhar Khanolkar:** Yes.

- Pritesh Cheddha:** Directionally, the other two businesses grow and there is a margin expansion on account of this?
- Shekhar Khanolkar:** Yes, and Inorganic business also has a growth potential.
- Moderator:** Thank you. The next question is from the line of Ranjit Cirumalla from Batliwala & Karani Securities. Please go ahead.
- Ranjit Cirumalla:** Can I get the nine-month figure for the last year as well between Refrigerant, Specialty, Inorganic and CRAMS?
- Partha Roy Chowdhury:** The last year for Refrigerant we have done Rs.113 crores, for the Inorganic Fluorides we have done Rs.84 crores, for the Specialty we were at Rs.112 crores and Contract Research was at Rs.18 crores, which adds up to Rs.325-326 crores.
- Ranjit Cirumalla:** Next question is on the Refrigerant Gas. You said we are now getting into a phase down of 5-10% cut down in production. So, this segment is also developing the ecosystem or the demand also would be coming down?
- Partha Roy Chowdhury:** No, that is purely our view, Ranjit, the demand may not come down. And one has to also realize that the phase down is on a calendar year basis, it is not on a financial year basis. Therefore, at least for the initial 2 or 3-years there will be spill over. But to answer your question in one sentence we are not seeing any immediate sort of scale down on the demand side.
- Ranjit Cirumalla:** Then the realization should firm up probably a year down the line or two?
- Partha Roy Chowdhury:** I will not be able to respond to that.
- Ranjit Cirumalla:** If I recollect during the first half concall you said you are expecting the CRAMS business to double in the second half. So would that statement be right even now?
- Partha Roy Chowdhury:** Yes.
- Moderator:** Thank you. The next question is from the line of Siddharth Purohit from Sushil Finance. Please go ahead.
- Siddharth Purohit:** One clarification: You said all the segment has seen a very healthy volume growth, even our Refrigerant prices has been more or less kind of stable. So if I have to bifurcate the kind of top line growth that you have mentioned, what kind of pricing growth we might have seen in the other two segments like Specialty Chemicals and Inorganic Fluorides, have we seen any kind of improvement in terms of pricing that we have seen in the last quarter?



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Partha Roy Chowdhury: Though I shall not be able to give you a very detailed response on this, but we can confirm that we have seen prices expansions.

Moderator: Thank you. As there are no further questions, I would now like to hand the floor over to Mr. Khanolkar for closing comments. Over to you, sir.

Shekhar Khanolkar: I would like to thank all of you for joining on this call. I hope we have been able to respond your queries adequately. For any further information, I request you to get in touch with SGA our Investor Relations advisors. Thank you very much.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Navin Fluorine International Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.