



Investor Presentation – January 2020



NOCIL LIMITED



ARVIND MAFATLAL GROUP
The ethics of excellence



NOCIL LIMITED



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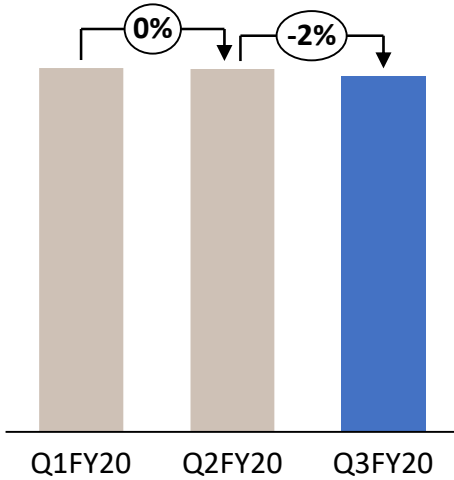
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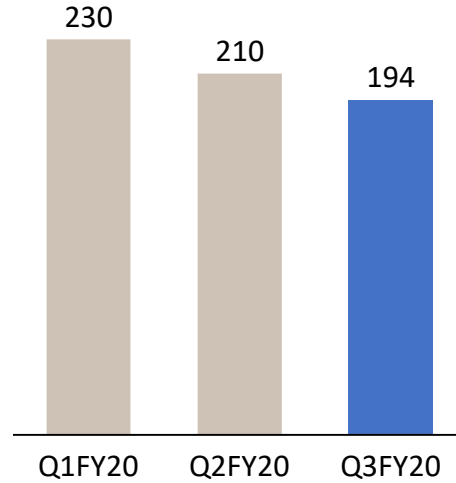
Quarterly Performance

Volumes (MT)



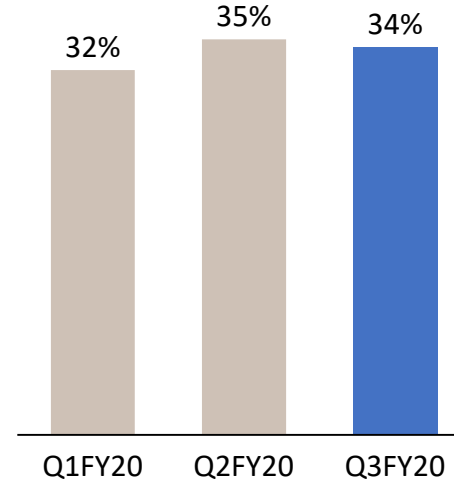
- Impacted due to slowdown in Auto Industry
- In Q3 - Aggressively participated in the volume off-take in order to maintain wallet share

Revenue from Operation (Rs. In crores)



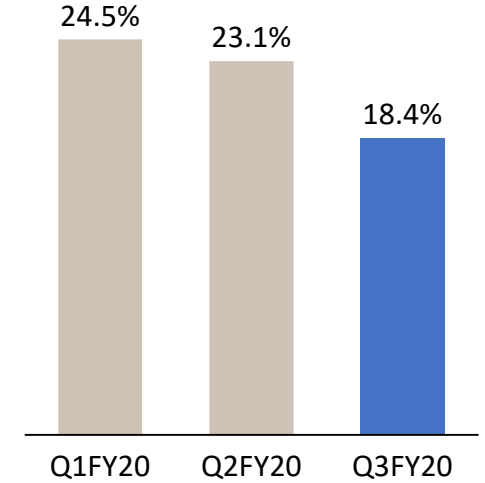
- Prolonged slowdown resulted into temporary oversupply scenario leading to price suppression
- Full impact of ADD in this quarter

Total Conversion cost* (% to Revenue)



- Lower capacity utilisation resulted into operating deleverage
- Price suppression to some extent was net off through internal efficiency

Operating EBITDA (%)



- Depressed market leading to Price Suppression
- Full ADD impact
- Operating leverage did not play out



Industry Scenario:

- Volume de-growth seems to have bottomed out. Pick up in sales volume expected
- Price depression seems to be more of temporary nature, in the worst case for few months

Our Strategy:

- Focus on gaining Market share
- Focus on optimisation of resources
- Q4FY20 volumes expected to be highest in FY20
- Depending on the relationship coupled with higher volume off-take price aggression strategy will be selectively rolled out

Maintain Guidance of Marginal de-growth in volume for FY20 in the range of 0% to 5%



Standalone Profit & Loss Statement



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NOCIL LIMITED

Rs. In Crores	Q3 FY20	Q2 FY20	Q1 FY20	Q-o-Q	9M FY20	9M FY19	Y-o-Y
Net Revenue from Operations	194	210	230	-7.4%	634	801	-20.9%
Raw Material	93	89	100		282	356	
Value Addition *	102	121	129		352	445	
Value Addition %	52.3%	57.7%	56.4%		55.6%	55.6%	
Employee Expenses	19	19	20		57	50	
Other Operating Expenses	47	54	54		155	164	
Operating EBITDA	36	48	56	-25.5%	140	231	-39.6%
Operating EBITDA Margin	18.4%	22.8%	24.5%		22.1%	28.9%	
Depreciation	8	8	7		23	17	
Interest	0^	0^	0^		1	0	
Other Income	1	2	2		6	8	
Profit Before Tax	29	42	51		122	222	
Tax	8	-13**	18		13	74	
Net Profit	21	55	33		109	148	
Net Profit Margin	10.6%	26.3%	14.2%		17.1%	18.5%	

*Revenue (-) cost of raw materials consumed (-) cost of traded goods (-) change in inventories

** includes deferred tax credit of Rs. 24 crores on account of reduction in tax rate

^ less than 1 crore



Responsible Care®

Consolidated Profit & Loss Statement



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Value Addition %	52.3%	57.7%	56.4%		55.6%	55.6%	
Employee Expenses	19	19	20		59	52	
Other Operating Expenses	46	54	53		151	161	
Operating EBITDA	37	48	57	-24.5%	142	233	-39.2%
Operating EBITDA Margin	18.8%	23.1%	24.6%		22.4%	29.1%	
Depreciation	8	8	8		24	18	
Interest	0 [^]	0 [^]	0 [^]		1	0	
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Responsible Care®

Business Overview





- *Part of Arvind Mafatlal Group*
- *Expertise in Rubber Chemical Business over 4 decades*
- *Largest Rubber Chemicals Manufacturer in India*
- *Long Term Business Relationships with Tyre Majors (Both Domestic & International)*
- *Awarded Responsible Care Logo by Indian Chemical Council*

Revenue*

+13%

EBITDA*

+55%

Operating PBT*

+44%

Dividend Payout
more than 5 years

~30%

* CAGR growth from (FY13-FY19)



Mr. Hrishikesh . A. Mafatlal – Promoter & Chairman

- Executive Chairman and Promoter Director of NOCIL Ltd
- B.Com. (Hons.) & has attended the Advanced Management Programme at the Harvard Business School, USA

Mr. R. M. Gadgil - President - Marketing

- B Tech in Chemical Engineering from IIT Mumbai
- Associated with the Company in various marketing capacities for nearly 38 years

Dr. Chinmoy Nandi - Vice President (Research & Development)

- Post Graduate & Ph.D. in Science
- Associated with the company for nearly 35 years in various R&D capacities

Mr. Rajendra Desai – Vice President (Operations, Corporate HR & Personnel)

- Chemical Engineer with Diploma in Management Studies
- Associated with the company for nearly 34 years

Mr. S. R. Deo – Managing Director

- M. Tech. in Chemical Engineering from IIT Kanpur
- Associated with the company for nearly 40 years in various technical capacities

Mr. P. Srinivasan – Chief Financial Officer

- Chartered Accountant with over 31 years of experience
- Associated with the Company since 2005

Dr. Narendra Gangal – Vice President (QA, Analytical & Outsourced Research)

- Ph.D. in Analytical Chemistry with 27 years of experience
- Associated with the company since 2007





Navi Mumbai Plant

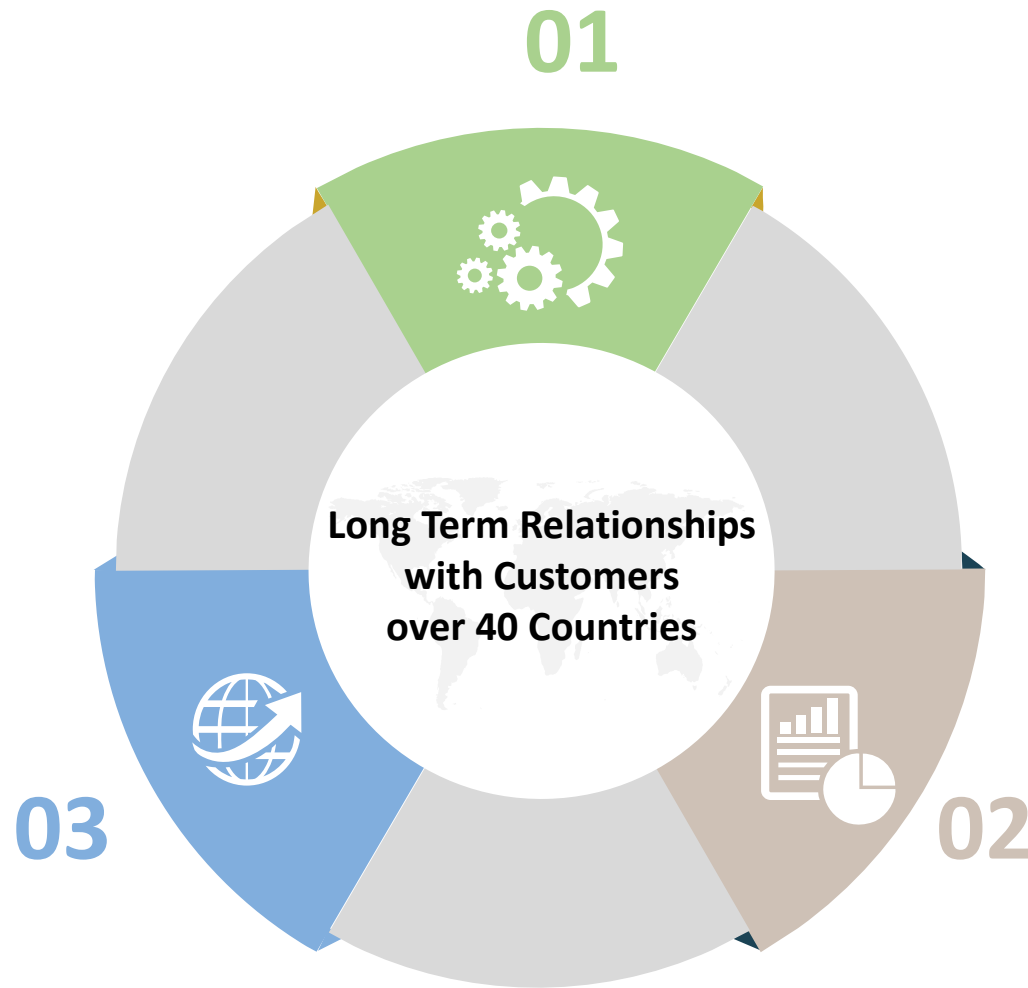
- Set up in 1976
- Located in Trans-Thane Creek industrial area at Navi Mumbai, Thane - Belapur's industrial zone designated for the chemical industry, about 40 kms away from Mumbai
- State-of-the-art technology for the manufacture of the entire range of Rubber Chemicals for Tyre & other Rubber Products



Dahej Plant

- Commenced operations in March 2013
- Located about 45 kms from Bharuch, Gujarat
- Location has synergistic Chemicals & Petrochemicals industry and excellent connectivity with Dahej & Hazira Port
- Fully automated continuous process plant developed completely with in-house technology





01 Products & Product Forms

- Wide Range of Rubber Chemical Products
- Varied Product Forms

02 Sales, Marketing & Technical Service

- Market Responsive Approach
- Strong MTS Team to offer Technical Services

03 R & D and Quality Assurance

- Experienced, capable & innovative team of R & D scientists.
- Ultra Modern Laboratories & Pilot Plant Facilities
- Latest Analytical Instruments



1

ANTI-DEGRADANTS/ ANTI-OXIDANTS

- These are ingredients in rubber compounds which deter the ageing and inhibit degradation due to oxygen attack of rubber products, thereby enhancing service life

2

ACCELERATORS

- Increase the speed of vulcanization
- Permit vulcanization to proceed at lower temperature & with greater efficiency

3

OTHER APPLICATIONS

- Pre vulcanization inhibition, Post vulcanization stabilization, Latex based applications etc.
- Improving Thermal Stability of cross links in rubber products

ONE STOP SHOP

With

WIDE RANGE

to suit

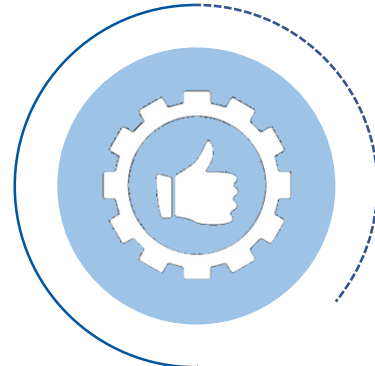
MARKET REQUIREMENTS





Research & Technology Development

- NOCIL's Research Centre at Navi Mumbai recognized by Ministry of Science and Technology, Govt. of India
- Key Areas Focussed upon
 - Process Development, scale up, commercial implementation
 - Environmental strategies for sustainable growth
 - Research initiatives as per customers' perceived needs



Quality Assurance

- Quality Management System with a focus on Quality of Raw materials, Finished Products as well as in Process Sample Analysis
- The Quality Control Laboratory operates round the clock and is equipped with the latest Analytical Instruments & Equipment's



Certifications

- ISO 9001:2008
- ISO 14001:2004
- BS OHSAS 18001:2007
- ISO/IEC 17025:2005
- ISO/TS16949:2009
- IATF
- NABL
- Responsible Care by Indian Chemical Council

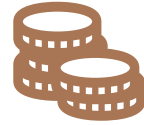


Technology & Speciality Chemicals – Moving up the curve

Key Factors



Continual Technological Improvement in Product & Processes



Strong position in High-value added products



R&D Capabilities leading to significant reduction in cost of production



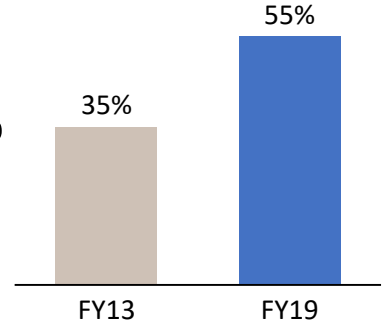
Operating leverage due to scaling-up of business



Favourable Positioning

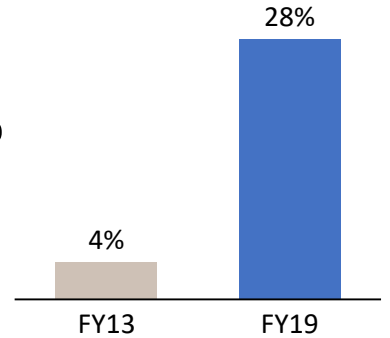
Value Addition

+20%



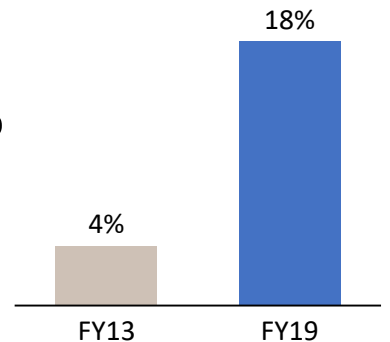
Operating EBITDA

+24%



PAT

+14%



High Performance Tyres



Extended life, Automotive & Industrial products will increase rubber processing chemical loadings

Stringent Environmental compliance



Cost increase in China leading to Better level playing field

NOCIL has been awarded by ICC for **“Excellence in Management of Environment”** under the large chemical industry

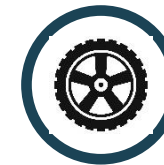


Rising Income Levels



Increase in Motor vehicle ownership rates, especially in developing nations would need additional consumption of rubber processing chemicals

Global Demand*

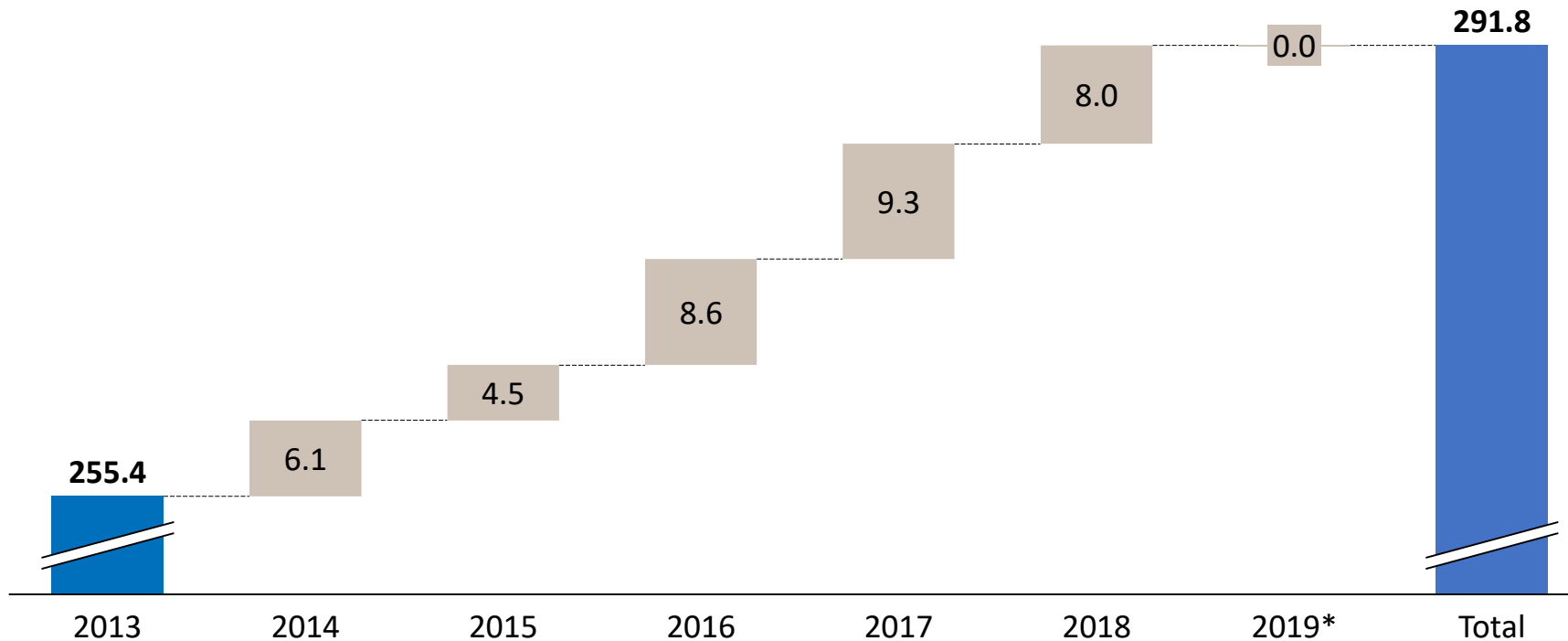


For Rubber processing chemicals continue to forecasted to grow around 4% - 5% for next 10 years

*Source : Freedonia Report

Global Rubber Consumption (Natural + Synthetic)

In Lakh tonnes



- Rubber Chemicals constitute **~4% of the Rubber Consumption**
- Normally every year **~35k additional demand** for Rubber chemicals is created
- Major markets have shown a **de-growth in 2019 after 6 years**

Latest IRSG forecast speaks of 2.5% - 2.8% growth over the next 2 years

Source : Rubber Statistical Bulletin, Jul - September 2019 edition

*Annualised based on H1CY19 data





Phase I

Phase I – Rs. 170 crores ^

- **Phase I (a)** - Expansion at Navi Mumbai has been commissioned and the commercial production have started from Jun'18
- **Phase I (b)** – Expansion at Dahej is has been commissioned in Jan'19
- Mechanical Completion
- Trial Production
- Commercial Production

Phase II

Phase II – Total Capex of Rs. 255 crores ^

- For expansion of its production facilities for Rubber Chemicals (including intermediates captively consumed towards manufacture of rubber chemicals) at Dahej/Navi Mumbai – (Announced in Dec'17)
- For expansion of its production facilities for Rubber Chemicals at Dahej/Navi Mumbai - (Announced in Jan'18)
- Mechanical Completion
- Trial Production

Expansion is expected to give an Asset Turnover of ~2X at FY18 prices

Total Capex of Rs. 425 crores - Entire project will be funded through Internal Accruals

**100% Implementation by in-house team
without any technical collaborations**

[^] as per FY18 prices



Why NOCIL is a “Supplier of Choice”

Non-Chinese Dependable Player

Non-Chinese Dependable & Quality Player with Committed Plans for future growth



Wide Range of Product

Presence across the entire range of Rubber chemicals i.e. 22 product basket

Environment Friendly Processes

Continuous investments done to adopt various innovative environmental technologies for long-term sustainability



Product Testing & Validation

Approved & registered vendor with the Major Domestic & International Tyre Players offering Technical Support to customers for Rubber Products / Process Development

Pipeline of New Generation of Rubber Chemicals

Development of Niche products using innovative technologies & Green chemistry concepts and new generation environmentally sustainable processes for growth



Entry Barrier

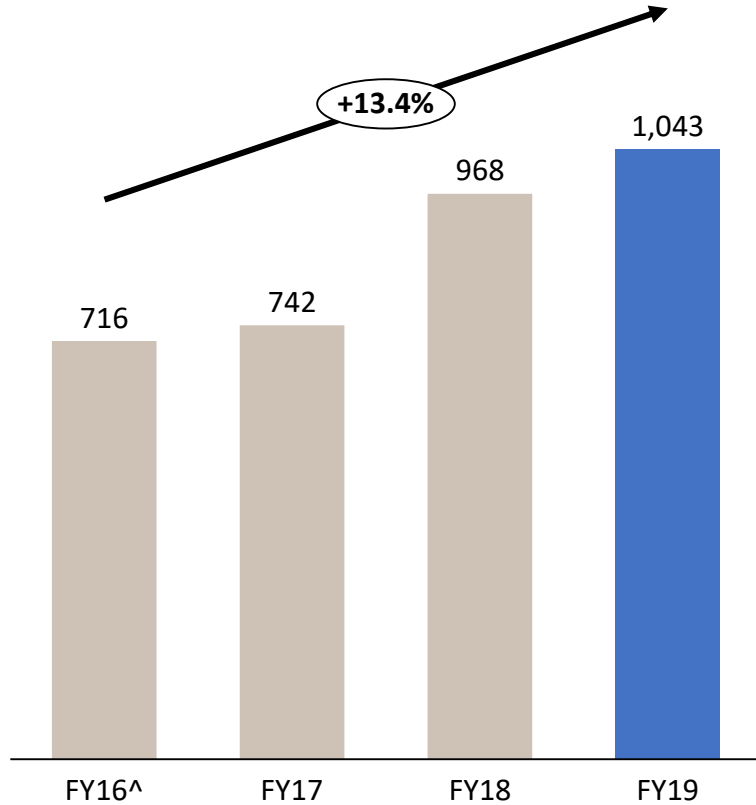
Customers take from 6-18 months to give approval on plant specific basis & same is carried out for various locations globally



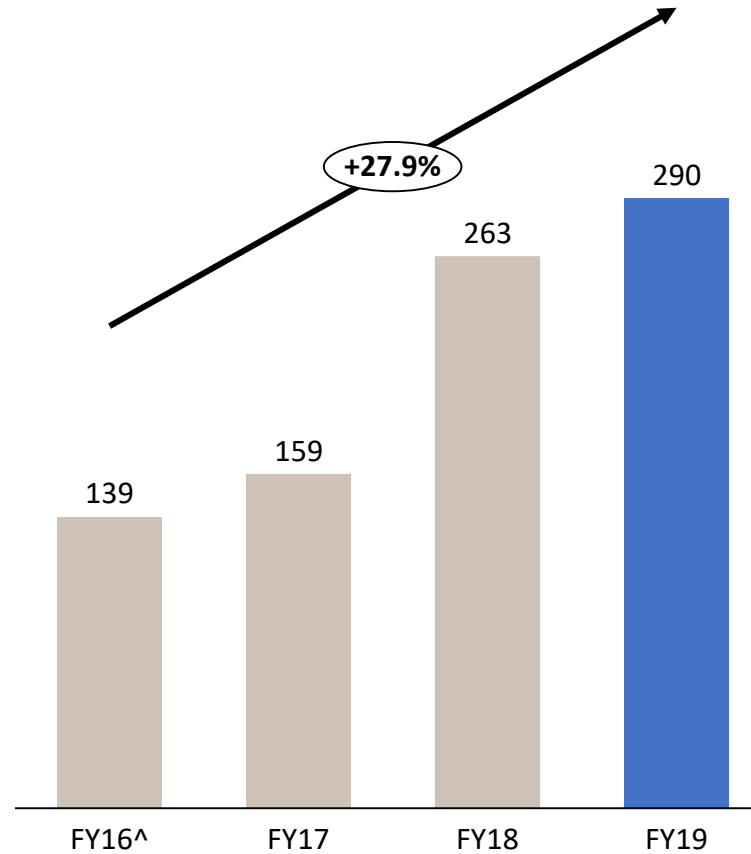
Annual Performance Trend

Revenue from Operations*

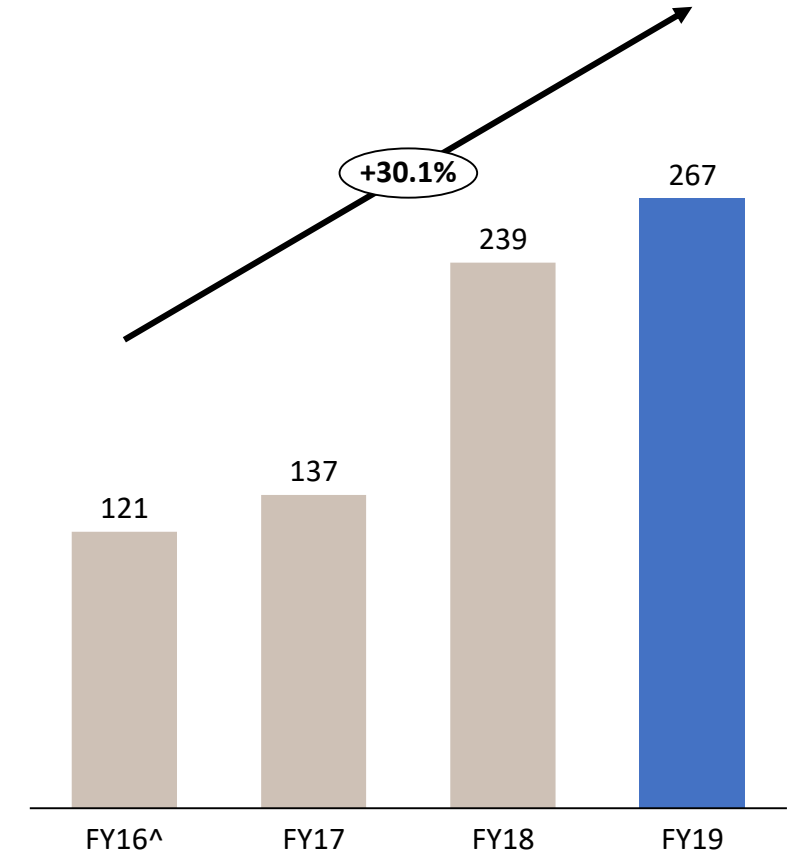
Rs. In Crores



Operating EBITDA



Operating PBT**



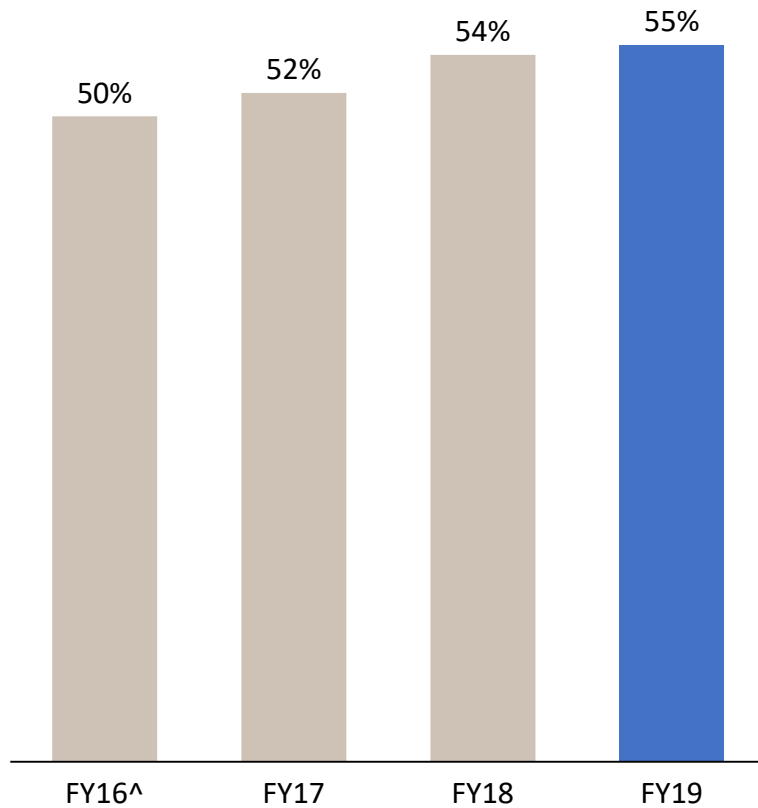
* Revenue from operations is net of GST/Excise duty

** Operating PBT (PBT - Other Income)

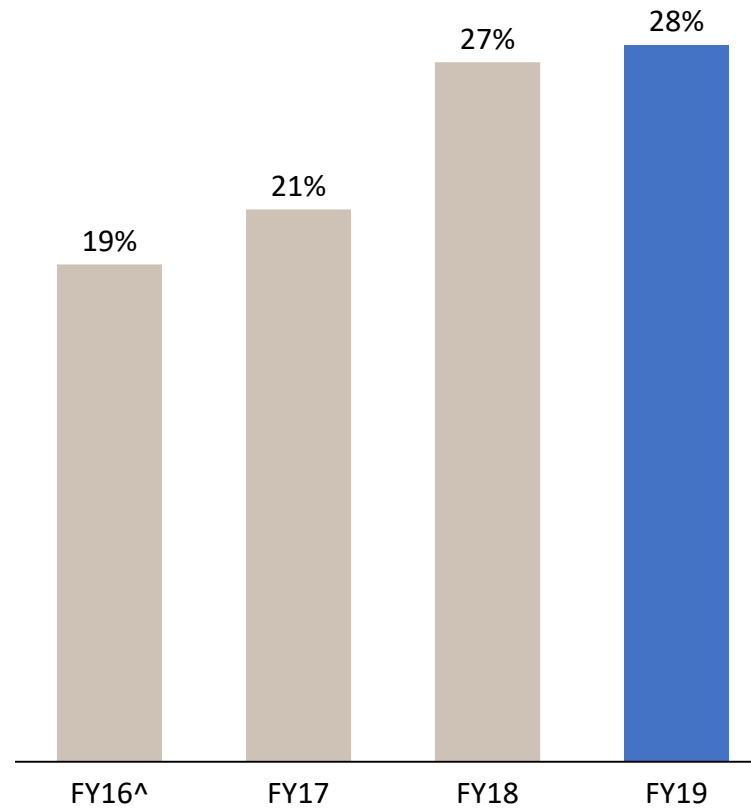
[^] IGAAP

Annual Operating Performance

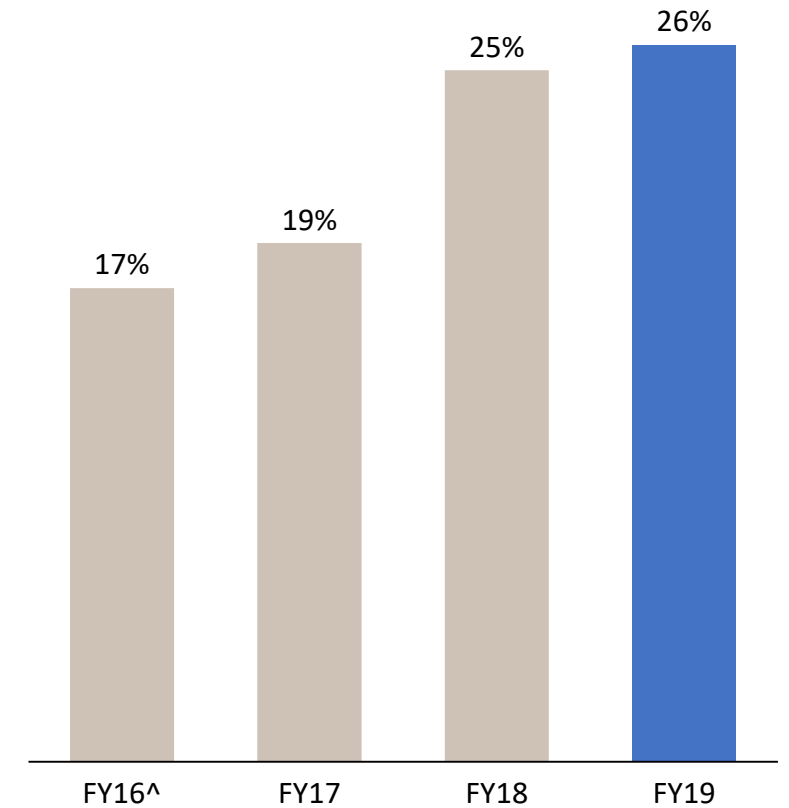
Value Additions*



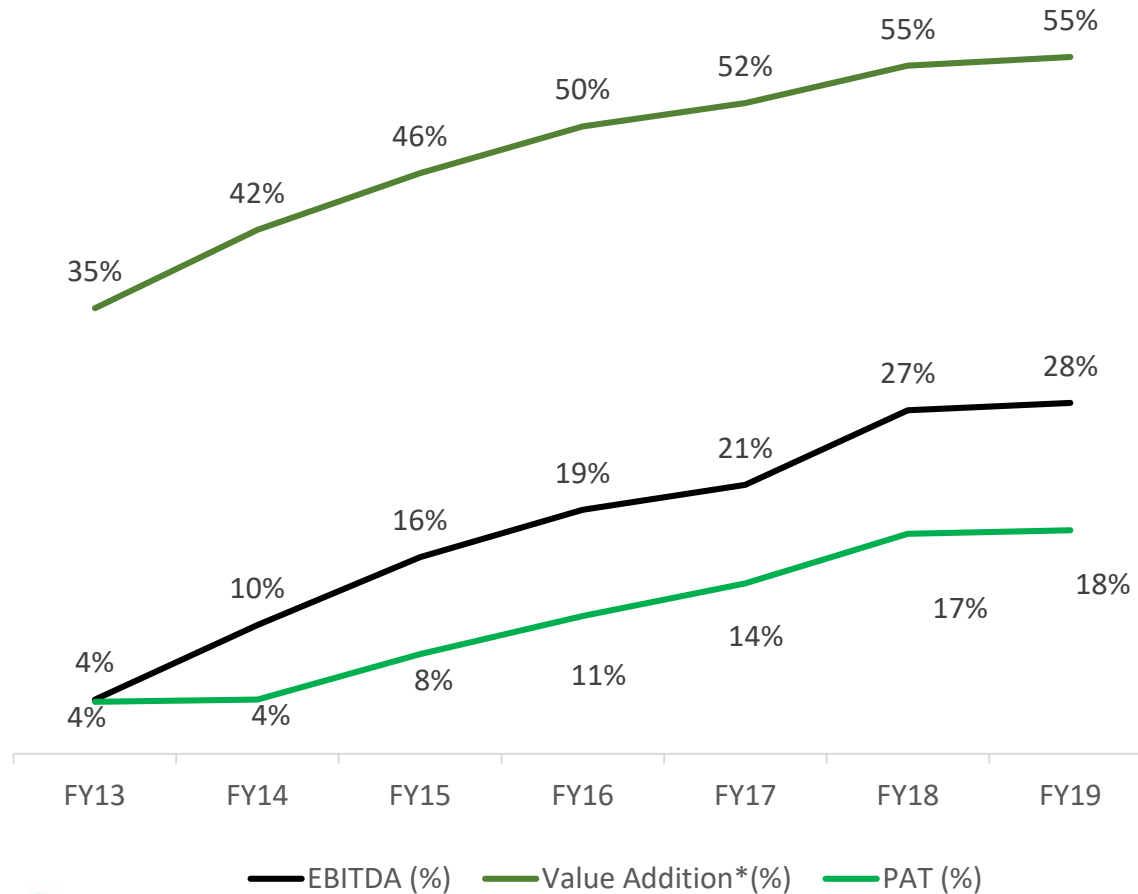
Operating EBITDA Margins



Operating PBT Margins



Overall Improvement in Margin Profile of the Company



Sustainable Initiatives taken over 5 years

- **Change in Product mix**
 - Share of specialised applications
 - Increased share of export business
- **Technological Improvements**
 - Continual improvement in yield performance
 - Introduction of contemporary technologies
- **Operating leverage**
 - Volume maximisation
 - In-house generation of power at Dahej site

*(Revenue (-) cost of raw materials consumed (-) cost of traded goods (-) change in inventories)/Revenue



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