NOCIL LIMITED

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ARVIND MAFATLAL GROUP
The ethics of excellence

Date:24th May, 2022

The Secretary The Bombay Stock Exchange Limited "P.J. Towers" Dalal Street Mumbai-400 001 Scrip Code: 500730	The National Stock Exchange of India Ltd. Exchange Plaza Bandra Kurla Complex, Bandra (East) Mumbai-400 051 Symbol: NOCIL

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Earnings Call.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 , the transcript of Company's Earnings call held on 18th May ,2022 regarding discussion on the Operational and financial performance of the Company for the quarter and financial year ended March 31, 2022 is enclosed herewith.

This intimation is also being made available on the Company's website viz., www.nocil.com.

This is for your information and record.

Thanking you,

Yours faithfully,
For NOCIL Limited

Amit K. Vyas
Assistant Vice President (Legal)
& Company Secretary

"NOCIL Limited
Q4 and FY2022 Earnings Conference Call"

May 18, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 18th May 2022 will prevail.

MANAGEMENT: **MR. S. R. DEO – MANAGING DIRECTOR - NOCIL LIMITED**
MR. ANAND V S - DEPUTY MANAGING DIRECTOR - NOCIL LIMITED
MR. P. SRINIVASAN - CHIEF FINANCIAL OFFICER - NOCIL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the NOCIL Q4 and FY2022 Earnings Conference Call. This conference call may contain 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. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this call is being recorded. I now hand the conference over to Mr. S.R. Deo, Managing Director from NOCIL Limited. Thank you and over to you Sir!

S.R. Deo: Thank you very much. Good afternoon all the participants. A very warm welcome to everybody on the call. Firstly, we welcome Mr. Anand, who has joined NOCIL board effective from March 2, 2022, as Deputy Managing Director. Mr. Anand comes with a rich experience of over 20 years from BASF Group and he has handled several critical responsibilities at BASF. Along with Mr. Anand, I have Mr. P. Srinivasan, our Chief Financial Officer and SGA, our Investor Relations Advisors. I hope you all have received our investor presentation by now. For those who have not, you can view them on the Stock Exchanges and the Company's website. I hope you and your loved ones are safe and doing well.

Let me discuss this periods business highlights. We ended FY2022 with the revenue of Rs. 1,571 Crores with the growth of 70% that entails a 16% annual volume growth compared to the previous year. The revenue mix for the year is domestic 64% and export 36%. On a sequential basis, the domestic business for the quarter has shown a marginal growth while the exports de-grew marginally due to logistic and shipping issues. The year also saw a production growth of over 34% to align with our strategy of building inventory to make short-term demand spikes and any supply disruption.

NOCIL could pass on the cost increases through appropriate finish goods price increases at periodic intervals. The cost increases were due to the Russian-Ukraine situation, which led to higher crude oil and benzene prices, the increase in the spreads between benzene and its derivatives. Further the unforeseen high utility prices of coal, gas, and supply chain disruptions on an account of COVID disturbances in China delayed arrival of import parcels and the various logistics issues and also on the impact of input costs.

NOCIL over the last few years has been taking various steps to mitigate some of the supply chain disruptions in the form of alternate sourcing, encouraging local supplies to align with Atmanirbhar mission, reduce its dependency on China on various raw materials.

In spite of the challenging environment prevailing in last two years, NOCIL has performed well due to integrated value chain, technological strength, wide product range and good marketing network. With these measures, we are happy to inform you that we could out - perform our guidance of more than 10% volume growth and more than 50% revenue growth in FY2022 compared to FY2021.

As informed earlier during our previous call, we continue to pursue to consolidate our position in the global and domestic rubber chemicals market. To make this object to the near term, the company has plans to invest in small capex programs towards debottlenecking of capacities of some of the products. Further detailed evaluation on additional capex is being carried out and on finalization we will inform the investors at large.

On the industry scenario in FY2022, supply side issues such as semiconductor chip shortages and logistics issue impacted OE demand, but tyre replacement demand was strong across the product segments. Tyre exports were strong fueled by robust from key destination such as United States and Europe. Domestic demand for tire in general follows the GDP growth pattern and we therefore believe that this growth can be in the region of 7% to 9% in FY2023. As the demand out look in the medium term remains favorable, the capex plans announced by some of the tyre industry present us as an opportunity to participate in the same.

That is, it from my side, now I would like to hand over to Mr. P. Srinivasan to give you an update on the financial performance. Thank you very much and over to Mr. P. Srinivasan!

P. Srinivasan: Thank you, Mr. Deo, Mr. Anand, and good afternoon to everyone. I hope you all are safe and in good health. To summarize or brief you the results of Q4 FY2022, we registered the highest ever quarterly revenue of Rs. 463 Crores. The performance was always on the back better realization during the quarter, which we indicated in the previous call that we are going to have price hikes. Let me run through on some of the financial highlights.

Volumes for Q4 FY2022 grew by 34% taking a base of Q1 FY2020 that means on base of 100 it is 136 or 135, where our sequential quarter volume were flattish. Mr. Deo has explained the reasons. The volumes for FY2022 grew by 16% as compared to FY2021 and as indicated by Mr. Deo, we have already exceeded the earlier guidance of 10% plus.

Net revenue for Q4 FY2022 stood at Rs. 463 Crores as against Rs. 389 Crores from Q3 FY2022, a sequential growth of 19%. The sales growth was driven by price hikes taken across products during the quarter commensurate with the cost increases and also change in the product mix. Net revenue from operations for the financial year 2022 stood at Rs. 1,571 Crores as against Rs. 925 Crores recorded in FY2021 with the growth of 70%.

Coming to the operating EBITDA parameters, the operating EBITDA for Q4 FY2022 stood at Rs. 111 Crores as against Rs. 50 Crores quarter-on-quarter growth of 121%, for FY2022 the EBITDA is about Rs. 283 Crores as against Rs. 127 Crores in FY2021, a growth of 123% on year-on-year basis.

EBITDA margin for the quarter stood at 24% in Q4 FY2022 as compared to 13% in Q3 FY2022. For FY2022, the overall EBITDA is 18% as against 14% in FY2021. EBITDA margins expanded primarily due to the operating leverage benefits as Mr. Deo said we have increased our production rates by 34% as compared to previous year.

On the profit before tax parameters or PBT parameters, PBT for Q4 FY2022 stood at Rs. 95 Crores as compared to Rs. 40 Crores for Q3 FY2022. PBT for the full year 2022, stood at Rs. 240 Crores as compared to Rs. 104 Crores in FY2021.

On profit after tax parameters, the profit after tax for Q4 FY2022 stood at Rs. 68 Crores as compared to Rs. 30 Crores in Q3 FY2022. PAT for financial year whole year 2022 stood at Rs. 176 Crores as against Rs. 86 Crores in FY2021.

With this, we would like to open the floor for questions and answer session.

Moderator: Thank you, Sir. We will now begin the questions and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first comes from the line of Nirav Jimudia from Anvil Research. Please go ahead.

Nirav Jimudia: Good afternoon and congratulations to the team for the good job. Sir, I have two questions, one for Mr. Srinivasan and one for you, Sir. First one for Mr. Srinivasan, if you can just guide us in terms of the total volumes what we sold in FY2022, how much is coming from the exports in terms of volume terms, percentage also would help?

P. Srinivasan: One minute, we will let you know, just give a second.

Nirav Jimudia: Yes and Sir, you mentioned in your opening remarks that the increase in the realization is the derivative of two things, one price increases and some product mix changes, so if you can just help us explain that this is because some of the products from our expanded capacity would have been sold for the first time or some of the products where we have already been selling a higher realization products and those products have been sold more in this quarter and because of which your product mix is showing some higher realization, so if you can just explain that?

P. Srinivasan: The export volumes per se is about it has growth by 17% for the year and it constitutes roughly maybe 35% of the overall volume that is number one and number two, as far as the price realizations are concerned I think we indicated the product mix, so there is a series of events, which has happened you have the input costs going up very substantially more particularly from October 2021, so we have to incur that and largely due to the expanded capacities at Dahej and with increasing approvals from customers we could afford more volumes from Dahej and that resulted in the higher value product mix, therefore that also see the price correction of the revenue parameters.

Nirav Jimudia: But the capacity where we have done the expansion it is safe to assume that probably those products would have been having the higher realization than the existing basket of products which we were earlier selling from our old capacities?

P. Srinivasan: Yes, weighted average component has undergone a change because of the higher value basket is increasing.

Nirav Jimudia: Sir, second question to Mr. Deo, so like in terms of our guidance of hitting the full utilization by September 2023, I think if it still holds true then how we are placed with respect to the validation time from the customers after which we may start seeing those incremental volumes coming to us?

S.R. Deo: So, basically I think that outlook that we will reach our volumes by September 2023 still holds good, second is I think I have mentioned one thing that we have now started looking at first the de-bottlenecking of the plants so that after that whatever volumes will come we will start increasing the volume through various de-bottlenecking so which is the short-term plan and the long-term plan I have already explained that we are looking at a long-term plan.

Nirav Jimudia: Got it, correct, but, Sir, normally when we go to the customers and then we start receiving those approvals for the incremental volumes where we are currently placed, so like in terms of, because two years have been passed from the time we have probably commercialized those capacities and going to the customers getting back those validation parameters, so from which quarter we will start seeing those sort of benefits accruing to us?

S.R. Deo: See, basically as long as we are de-bottlenecking the products, it does not require approval, so it is only a capacity increase, so there is no change as far as the approval is concerned and those debottlenecking work has already started.

Nirav Jimudia: Sir, if you can quantify how much would be the addition through this de-bottlenecking to our total capacity as and when it will happen any rough indication would help, Sir?

S.R. Deo: Nirav it will be very difficult to quantify the things because the de-bottlenecking projects are such that we start realizing it only when projects are complete, so of course we have objectives for de-bottlenecking, but difficult to quantify and this debottlenecking will happen only for certain products not for all the products.

Nirav Jimudia: Got it, and Sir, lastly if you can tell us your learnings and improvements over last two years because one was the year in FY2021 where there were demand led problems and in FY2022 it was more of a supply led problems, so if you can just help us understand that what sort of initiatives which we have taken and which now become a permanent towards in terms of either let us say process optimization or some sort of backwards integration from NOCIL's point of view if you can just give us some qualitative analysis of that that could be helpful?

S.R. Deo: See, basically process optimization is a continuous process and it is the part of our continuous objective, so this is not one objective, which stops anywhere, that continuous improvement is a part of the whole game. And as far as the improvements are concerned, I think the challenge still continue to the supply chain, but as I have mentioned from last 18 months, we have been changing the whole supply strategy and supply chain security that is one thing which we have done. As far as the products are concerned, I think about the sales and the sales growth which we have indicated that it is more or less it matches with the GDP growth.

Nirav Jimudia: But Sir, like any sort of example if you can quantify like in terms of let us say some of the cost which earlier we have been incurring on a higher scale has now been optimized and now that could be a permanent was whenever we will grow our volumes to the fullest extent, so if you can just quantify some of those?

S.R. Deo: I think this is a very, very specific question, which you are asking me and I am not able to answer this at this forum, the only thing I can give you a very general confidence that when we talk of optimization or the optimization of raw material usages it is an optimization of energy, which continues to happen to be competitive in the business.

Nirav Jimudia: Got it and Sir, are we looking for the backward integration in terms of any of our products?

S.R. Deo: Nirav, as I said we are looking at a long-term view, but I am not in a position to share anything as far as backward or forward integration is concerned.

Nirav Jimudia: Got it, Sir. Congratulations and all the best for the future, Sir.

Moderator: Thank you. The next question comes from the line of Rohit Nagraj with Emkay Global. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and congrats on a stellar Q4 as well as FY2022. Sir, my first question is, our performance has been increasing and better in every single quarter and that is also an element of price increases that we have exercise since October 2020, now in the recent past again the input cost inflation has come in, so what are we hearing from our customers in terms of further increasing the prices both in domestic as well as exports market and whether they are really, there is any impact on the volume front that we are experiencing in the recent months or so, thank you?

P. Srinivasan: Rohit, Srinivasan here. As per price correction or price matching we actually do the price matching with what has been offered in marketplace by the competitors to the customers and you will appreciate that one cannot be different with the tyre customers on that front, so I think on the pricing front, we are adjusting our pricing or we are seeking price corrections based on what the market is offering and according to the cost increases, so that is one part. Second part, we have not heard any news on degrowth in volumes as it stands today.

Rohit Nagraj: Right, Sir. Got it, this is really helpful. Sir, second question is in terms of the competition, so how has been the competition from China both from the domestic imports point of view or from the exports from Chinese market given that in the US, there have been sanctions on Chinese imports, so how is it I mean your overall perspective, how things have changed over the last one year in terms of the customers perception about importing other than say Chinese players, thank you?

P. Srinivasan: On this thing two folds I would say, we would like to clarify as one, before this COVID came in, our market share in India was about 33% to 34%, which we have been communicating in the past that we are about 40% to 42%, so that is the improvement, which we have seen, so this is a de-risking of China or more of encouragement to the domestic suppliers, which is good because we had additional capacities to offer that is a critical point and we are having surplus capacities to offer. The second part if you see the China balance sheet or their annual report I think they are about 64% in domestic and about 35% to 36% in exports, obviously their access to US markets has become little expensive because of the duty factor, it has also presented us with some opportunity for us to grow in the US market.

Rohit Nagraj: Right, got it, this was really helpful. One just quick question on the balance sheet, so this year what was the capex and given that we will come out with the capex update later what will be the maintenance capex for FY2023?

P. Srinivasan: See, this year I think the fixed assets addition which will come out in the annual report which we have talked about Rs. 35 Crores there about capex this year, which includes a lot of residual infrastructure capex and some other maintenance capex. Maintenance capex one cannot quantify I absolute terms, but it depends on when a particular event happens, so if there is an even happens it requires an replacement similarly we have to do the replacement, but it is not significant that is what we can say, but I do not think so it will be appropriate to quantify that.

Rohit Nagraj: Sure, Sir. Thank you so much for all the answers and best of luck.

Moderator: Thank you. The next question comes from the line of Dixit Mittal with LIC Mutual Fund. Please go ahead.

Dixit Mittal: Good evening, Sir. My question is, in this fourth quarter is there an elements of one-off inventory gain may be because of higher inventory during the quarter?

P. Srinivasan: Just repeat the question, sorry, we missed your question?

Dixit Mittal: Sir, if the margins that you put in, is there any one-off inventory sort of gains because I see that your inventory has jumped up quite sharply even at the end of quarter, so any element of inventory gains here?

P. Srinivasan: No, it is not a gain, I think it is a build up of inventory because our production rates were higher than the sales rate, so obviously inventories build up will be there and which Mr. Deo alluded that it is more to participate any short-term demand spikes or supply chain disruptions.

Dixit Mittal: So, that means the 50% gross margin that you reported, that means these are sustained unless there are some disruptions?

P. Srinivasan: If there is no disruption on any critical parameters like supply chain given the current input or finished goods price parameters, I think it is okay.

Dixit Mittal: Because earlier you have alluded to the fact that because now realizations have gone up, so percentage margins may not at 50% so that was the understanding, but still you have achieved that in this quarter?

P. Srinivasan: Just to clarify, basically what we are giving a guidance is that in a high cost regime what you are more looking at is, whether the costs are getting covered that is what we should look at, we are not suppose to look at 40% margin, 50% margin, and per kg realization or per kg is what we look at what is the volume back to the system that is what we are interested, we are not interested in the percentage. So just to illustrate if 100 goes to 200 and if we have a 40% margin, 40 on 100 is 40%, 40 on 200 is 20% so what we are looking at is maintaining at 40 per kg that is very important and that is what we have been doing and depending on how the market offers, we get that corrections.

Dixit Mittal: Sir, even on per kg basis I think like we had seen FY2019 kind of base because if I see per kg, I think in Q4 we did on EBITDA level I think Rs.70, so just wanted to understand is, this is a sustainable level for the next one to two years?

P. Srinivasan: Difficult to predict in this uncertain environment because there are so many challenges, etc., so it would be very nice if one can predict a clear thing, but it is too premature, it is not appropriate to even give a long term call on that.

Dixit Mittal: Sir, lastly what is the utilization levels currently?

P. Srinivasan: Between 70% to 75%.

Dixit Mittal: Thanks a lot.

Moderator: Thank you. The next question comes from the line of Bhargav Buddhadev with Kotak. Please go ahead.

Bhargav Buddhadeb: Good afternoon team and congratulations for the good set of performance. Recently DGTR has recommended antidumping duty on import of three products in the TDQ, PVI and CBS originating from China, even Russia, any comments on this, whether this can go through in terms of approvals from the central government?

P. Srinivasan: We have made our representations to the central government. We are awaiting their decision, so we cannot predict because if you see the last one-and-a-half years, there has been far too many rejections so that is why we have to keep fingers crossed.

Bhargav Buddhadev: Would it be fair to say that these three products would account for about 25% of NOCIL's revenue?

P. Srinivasan: It depends on situation, but it is significant revenue, but not extremely very high, significant revenue.

Bhargav Buddhadev: Lastly, Sir, want to understand is the pricing of aniline has started correcting since the last couple of months and MIBK as well, do you see this trend sustaining or you think this is just an aberration?

S.R. Deo: I think this is very difficult to comment on this situation because this would be stable or an aberration because if you really see oil prices are volatile, oil supplies are volatile, so I think it is very difficult situation to say whether these prices will remain stable or they will go up or go down.

Bhargav Buddhadev: Lastly given Mr. Anand has come from BASF, this objective be also to improve our mix or possibilities of diversification or we will continue with our core offerings?

S.R. Deo: No, I think, his designation is Deputy Managing Director, so basically of course he will look at the overall business and overall business objective and whatever are the objectives set for him, he will carry forward those objective.

Bhargav Buddhadev: Thank you for the comments and all the very best.

Moderator: Thank you. The next question comes from the line of Aditya Khetan with SMIFS Limited. Please go ahead.

Aditya Khetan: Thank you for the opportunity. Sir, my first question is on the raw material price front, so has this complete raw material price rise has been passed on this quarter or can we expect some more price hikes going ahead to compensate the increase in raw material prices?

P. Srinivasan: Aditya, I think what we have indicated to you for the whole year we are managed to pass on the cost increases in the form of appropriate price corrections so that is true, going forward what will happen and what is likely benefit, I think that is too long call to take, as we announce we will have a better position to take a call and the point is so long as the cost increase is there we are trying to push for a price increase and it also depends on how the competitors are also reacting to the same so it is a situation of what you are experiencing and what the market is offering it is a combination of both, so as far as Q3, Q4 I think everything has been passed on.

Aditya Khetan: Sir, second question, the volume growth has almost been flattish for this quarter and there was a dip of 9% on Y-o-Y basis, so the newer capacity had not been able to ramp up in this quarter or what could be the reason here for this quarter specifically?

P. Srinivasan: I think the beginning of this quarter we had this Omicron COVID, so there were logistic issues and the COVID issues so therefore there were some disruption there about, what we could if you heard the call Mr. Deo alluded to that that the domestic market grew marginally unfortunately export market we could not, we have to de-grew because of the logistic issues.

Aditya Khetan: Sir, on quarterly basis if the volume are flat, so the 19% growth in revenue was led by the realization growth only, so has there been a good change in the product mix like, so previously like you were having roughly around 25% of the value added product portfolio, so has gone up in this quarter because there has been a sharp jump in realization considering on the value added product size that might have gone up?

P. Srinivasan: I think in the first question asked, we specifically address the point that in this quarter we had the high value products showed the proportion of the overall sales bucket are much higher as compared to the overall weighted average selling prices and that is where the overall realization went up, so it is a combination of product mix, some improvement specialty chemicals not significant, but it had also role to play.

Aditya Khetan: So, considering the specialty, so the value-added product mix might have gone up, so we can so we can consider roughly around 45% to 50% gross margins would be sustainable considering the value-added portfolio has gone up and speciality could be at much lower raise of now?

P. Srinivasan: We have always been communicating that the specialty applications product revenues is about 25% of the overall revenue and still feel that we are around the similar of the quarter, as far as the value addition percentage we would not like to comment on that because it is not appropriate to give in to that particulars because of the challenges what you are seeing today and the way market had evolved over the last two years.

Aditya Khetan: Sir, just one last question from my side, on the de-bottlenecking of capacity, what could be the capex figure if you can share that?

S.R. Deo: I think those capex is pretty marginal, even though I cannot give number to it, but they are not very high.

Aditya Khetan: So, roughly around Rs. 20 Crores to Rs. 30 can we assume that the maintenance capex only that we can?

S.R. Deo: Forget about assumption, we would not like to share those details, please.

Aditya Khetan: No issues thank you. That is, it from my side.

Moderator: Thank you. The next question comes from the line of Utsav Mehta with Edelweiss AMC. Please go ahead.

Utsav Mehta: Good afternoon, Sir. Thanks for taking my questions. You may have answered this earlier, but I may have missed it, this quarter I have noticed that the EBITDA per kg is almost Rs 800, just wanted to understand and we have obviously got some benefit of older inventory, so just wanted to understand where this number will settle at, should I be looking at the only number of approximately Rs.500 to Rs.550 going ahead or will Rs.800 be the new norm?

P. Srinivasan: Gentlemen I do not know which is your reference work sheet or to which you are saying Rs.800 per ton, it is Rs.800 per kg or per ton?

Utsav Mehta: Kg.

P. Srinivasan: I think none of our price really has an Rs.800 per kg level of EBITDA, I think some miscommunication is there, please rectify you file workings.

Utsav Mehta: Sir, let me rephrase that we have done Rs. 111 Crores of EBITDA on a 136 metric tons of volume, correct so whatever this number be sustainable going ahead or should I be looking at a full year numbers?

P. Srinivasan: Gentlemen, the number you are referring to is index form, 136 is an index form, you are converting into some tons of kg, I do not know how.

Utsav Mehta: My apologies. Thank you.

Moderator: Thank you. The next question comes from the line of Prakash Kapadia with Anived Portfolio Managers. Please go ahead.

Prakash Kapadia: I have two questions, if I look at the annual cash flow despite a PAT growth of 99% in FY2022, operating cash flow has actually decreased from Rs. 94 Crores to Rs. 29 Crores and you know we have seen inventory, which is more than doubled, receivables are up, so if you could give us some sense how much of this is to price increase, is it some change in working capital in terms of domestic or export side of the business and you know when do we see operating cash flow growing in line with the profitability growth?

P. Srinivasan: Gentlemen, when a businesses level of activity increases, obviously the working capital requirement grows in proportion to the level of activity, as far as the number of days operating cycle for working capital as far as NOCIL is concerned it still continues to remain similar to what was prevailing last year in number of the days cycle. But however the input cost parameters have increased the pricing parameters are increased therefore the working capital deployment is much higher and you have an inflationary trend when you input cost goes up by 100%, you are supposed to keep that much stock, so that value of the stock goes up maybe not in volume terms obviously we had some inventory build up as Mr. Deo explained about the production rates are going up at 34% that is the reason that is an additional inventory, which is a conscious call, which the company has taken.

Prakash Kapadia: So, you are saying this is more because of the input side not really in terms of a regular mix or some pent-up demand, which we intend to fulfill or some supply chain disruptions which we feel could happen, so I was trying to understand obviously with increased export as we have grown our sales also, but they are increase is larger, so I just trying to understand some qualitative flavor on that?

P. Srinivasan: So, on the debtors, the number of days cycles continues to remain the same, the value has changed because if you are looking at last year Rs. 924 Crores this year Rs. 1571 Crores, the debtors will obviously increase. As far as the inventory is concerned insofar as raw materials are concerned it depends on the bookings and we have seen the bookings more or less remain similar except the value of the booking has gone up, as far as the finished goods is concerned we are concentrated to build up the inventory which is already visible in the financial year that is Rs. 88 Crores or Rs. 89 Crores build up inventor is there.

Prakash Kapadia: And you did mention we have seen the capacity utilization improved, so 75% was the number, which you just highlighted right from 70% last year?

P. Srinivasan: , somewhere between 70% and 75% I do not have the exact number, but 70% and 75%.

Prakash Kapadia: Understood, thank you.

Moderator: Thank you. The next question comes from the line of Saurabh with AMSEC. Please go ahead.

Saurabh: Thank you for the opportunity. Sir, my first question is on exports, you can give more colour in terms of the geography where we have seen the growth coming in and also if you can share the geography wise mix top three geography where NOCIL exports are the largest quantity?

P. Srinivasan: We export to three regions with the Asia, Europe, and America, in America we have expanded on index level of 100 to 300 in the last three years.

Saurabh: So, in Asia, what it would be, should assume that the growth will be muted while Europe and America should have grown largely because if you see the China Sun sine Commentary they have committed they have gained the market share in Asia for a while in Europe and America they have not able to do that, so probably NOCIL would have benefited out of that?

P. Srinivasan: If you recollect all our investor calls what have been communicated in the last two years we have being communicating with the basic point that most of the customers before we are in discussions are indicating that they want NOCIL to be a global player instead of a regional player so to that extent additional business are coming, we are seeing additional business is to us from Europe and America in the last two years. Therefore, the Asian market share has come down from quarter originally before.

Saurabh: Sir, my second question is on the guidance on full utilization by September 2023 that means you should go at, at least 12% to 13% volume over the next two to three years, so given the domestic market will grow at 7% to 9% tyre market so should we assume that NOCIL will have more market share or the growth will largely come from the export may be 20% kind growth from exports?

P. Srinivasan: See, the opportunity wherever it arises we will encash that that is the key part; obviously, we are prepared for export revenue basket share going up from 36% to 40% in the overall scheme of things on the expanded volumes basically.

Saurabh: Sir, you mentioned the logistics cost impacted the export volume in Q4, so how is the situation right now, has it normalized or still we are facing some challenges?

P. Srinivasan: We continue to experience challenge, it is a challenging environment, I do not think so it has improve that way, but we are trying our best to mitigate to best possible extent and availability is an issue of the containers and shipping vessels on time. That is the key thing.

Saurabh: Sir, lastly on the realization in Q4 we have seen a good jump in the realization, but have the prices started softening in Q1 given some softness in our raw material price?

P. Srinivasan: We would not like to comment on that.

Saurabh: Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Pavan Kumar with RatnaTraya Capital. Please go ahead.

Pavan Kumar: Sir, I just wanted to understand the most of your contracts with your customers are they on half yearly basis or yearly basis and how frequently can the price hikes to be taken?

P. Srinivasan: It is on quarterly basis.

Pavan Kumar: That was my question, thanks.

Moderator: Thank you. The next question comes from the line of Deep Master with One Up Financial Consultants. Please go ahead.

Deep Master: Sir, thanks for taking my question. I just wanted to get some sense on your expectations for volume in the coming year, we have seen that the export mix has improved so clearly you export volumes are picking up and like you mentioned earlier there was some impact off take on due to a sort of Omicron at the beginning of the quarter and also you have started drawing a plan for de-bottlenecking, so that gives me hint that maybe you are expecting volumes to pick up quite nicely this coming year, so just wanted to get some sense from you and when we can start to see those step jump increases in volume that we have been expecting?

P. Srinivasan: I think our guidance remains the same, so we are working towards that that is number one on September 2023, which is what we set, we would like to achieve the 100% utilization and we are still working on the path towards that.

Deep Master: Thank you, Sir and just another question is can try my luck, I just wanted to get some sense from you, you know we have seen a great performance from you on the EBITDA side again a step jump in EBITDA versus the run rate that we have seen in the previous quarters of FY2022, any sense you can give us on how much of this is sustainable because our mix have improved, so if prices remain stable and we continue to maintain the profitability that we aspire to maintain on a per kg basis, how much of this EBITDA can sustain like is it maybe 70% to 75% of the EBITDA we have seen is that sustainable?

P. Srinivasan: See, gentlemen I think we have only given a message that the future is little difficult to predict in the short-term the way things are operating because of the various challenges, which is being experience in Europe, China and other parts of the world, so I mean one cannot put specific number to give you guidance, although we aspire to grow further because our dream is to achieve 100% utilization in September 2023, if we are able to fulfill to achieve that range, I think everything falls in place.

Deep Master: No, Sir, what I meant to say we have Rs. 111 Crores of EBITDA for the quarter I was just trying to get a sense of on a quarterly basis, how much of this is sustainable if our volume sustains, if prices remain stable and if you take off the benefit of some price pass through that you would have seen on low-cost inventory, so how much would be sustainable on a sustainable basis if our spreads are sort of maintained

P. Srinivasan: Mr. Deep, I think we would like to give this clarification more at the end of Q1 results because today still is an uncertain environment, so it is too much on our part to comment on that.

Deep Master: Sure, all right. Thank you so much.

Moderator: Thank you. The next question comes from the line of Nitesh Dhoot with Prabhudas Lilladher. Please go ahead.

Nitesh Dhoot: Thanks for the opportunity and congratulations for a good set of numbers. Sir, my first question is how do we see the demand environment in India and in our key market's revenue for FY2023 and in the context that one of Chinese competitor whether the China Sunshine?

P. Srinivasan: Gentleman we are not able to able hear you properly, please.

Nitesh Dhoot: Sir, what I was asking is how do we see the demand environment in India and in our key markets in light of the commentary of China Sunshine have indicated that they will be able to increase volumes despite the slower demand in China to an account of multiple factors like with repeated lock downs, etc., can that imply some bit of increase in competitive intensity and margins compression in markets ex of a China your thoughts on the same?

P. Srinivasan: We would not like to address the near term challenges right now as the situation now is a bit fluid, but what we are looking at a medium term to long-term, we still see a lot of opportunities for us to grow and there are enough opportunities, which we are seeing on the horizon that will come on our side and we hope to encash the thing.

Nitesh Dhoot: So, my next question is on NOCIL's average realization if I just compare that with China Sun sine's blended realization in the X of insoluble comfort, what I see is NOCIL is 20% to 25% higher than China Sun sine in our view, so what would be the reason for the same if you could just help me understand is it largely product mix or is there any other reason for the same?

P. Srinivasan: There are two things, when you are comparing China Sunsine realization vis-à-vis NOCIL, yes, NOCIL has the speciality application products, which is constituting 25% of the revenue, so obviously that has a different value realization as compared to the conventional thing so therefore the weighted average is will undergo a change, Secondly in NOCIL about 65% of the business is done domestically, which is having a duty layer of 7% to 10%, so blended realization per kg vis-à-vis China Sunsine should be on a higher front, we do not know what is the extent which number you are referring to, which number you are saying for NOCIL, we cannot comment on that or what we can tell generally we should be on a higher side on account of these factors.

Nitesh Dhoot: Sure, that is helpful, Sir. Just one last if I may, you explained about the working capital side on inventory and receivable days, I just wanted to ask you about the payable days if we were lower for FY2022 something around 50 days or 57 days year-on-year so can you give some colour on that?

P. Srinivasan: I think we need to get into that, I think I do not know the exact working, but I do not think so payables are changed drastically, yes, maybe the sourcing point may have undergone a change and therefore the payment terms maybe a little tighter as compared to the original one, so it is a combination of various sourcing, so we will look into that and get back to you in case there is any deviation, but I do not so there is a major deviation.

Nitesh Dhoot: All right. That is all, thank you so much.

Moderator: Thank you. The next question comes from the line of Anubhav with McPro Research. Please go ahead.

Anubhav: Thanks for the opportunity. A couple of questions, one is on the capacity front, if I understand when the spare capacities, we have with the order of 30000 tons right and in light of that I wanted to understand the rationale for de-bottlenecking, is it for a specific grades of the products?

S. R. Deo: Basically, the debottlenecking is being done for certain products, it is not across the range, so as we see the growth of certain products, we want to be ahead to the market so that we should be constantly supplying the product as the demand grows.

Anubhav: Sir, second is on the volume growth, you have answered that we are maintaining the guidance as of September 2023, I wanted to understand if you can provide any visibility on step-up in volume growth is it more a visibility on the client validation, which is little uncertain at this time, how do you see it?

S.R. Deo: I think we have been consistently saying that with the current uncertainty in the marketplace it is very difficult give certain guidance on volume growth, but as we have been emphasizing from last two years and what we have seen in the results that our emphasis is always on volume growth and as we have been saying that we are pretty confident that going towards September 2023 we should have 90% to 95% capacity utilization.

Anubhav: Sir, last question is on the raw materials sourcing particularly for aniline if you could specify what is the supply mix you are having, which countries we are sourcing and how we are managing the risk on that side?

S. R. Deo: I think I have made it very clear that what we have done in last two years is to ensure the supply security, two things we have done, first thing is more buying from the domestic market, so that it gives a boost to the domestic market and second thing is we have scattered the sourcing not only aniline, for many of the products to reduce the risk of sourcing only from China.

Anubhav: And particularly for aniline what is the dependence on China or Russia?

S. R. Deo: I think aniline we also get from different sources, but again we are also dependent on the domestic source for some portion of our requirements.

Anubhav: Fine, thanks a lot. Thank you so much.

Moderator: Thank you. The next question comes from the line of Sandeep Baid an Investor. Please go ahead.

Sandeep Baid: Good evening and congratulations on a very good set of numbers. Sir, you had mentioned that you took a price hike in the January to March quarter which resulted in higher realization, I just wanted to know for the April to June quarter have the prices again been hike or they are more on the same as January and March quarter?

S. R. Deo: I think we will not be able to comment on this because as we have been saying from last one hour, that the situation is very, very volatile in terms of raw material or raw material availability pricing, so we will not be able to comment on this.

Sandeep Baid: Secondly, as you mentioned that the capacity utilization is between 70% and 75% and your target is close to 100% by September 2023, which is 18 months away from the March quarter, so that could translate into an annualized volume growth of about 20%, I understand that markets are volatile and things can be different, but does it mean that you are targeting 20% kind of volume growth when you are looking at close to 100% utilization by September 2023?

P. Srinivasan: Gentlemen, if we are able to achieve 100% by September 2023, the growth rate is a backward calculation. It is our aspiration to grow up to 100% or 95% plus in September 2023, so obviously this is a result in number, so what we are doing in the final destination where we want to be and that we have already mentioned and this it may fluctuate quarter by quarter because of uncertainties, but yes, we have a goal, but we would like to achieve that and stand by that.

Sandeep Baid: Thank you, Sir. That is all from my side.

Moderator: Thank you. The next question comes from the line of Amar Mourya with AlfAccurate Advisors. Please go ahead. Next question comes from the line of Rushabh Shah with RS Capital. Please go ahead.

Rushabh Shah: Sir, you mentioned that the antidumping duty you are expecting some approval so when can we expect the outcome from that?

P. Srinivasan: Gentlemen, we never said this. It is under process, we are not sure whether we will get approval, it will be notified or not, we are not sure, we have given our representation to the central government, it is up to them to take the judgment.

Rushabh Shah: Sir, second thing that the value growth has been significant, so going forward maybe one and one-and-a-half years down the line if prices normalized, how much of the value growth is able to capture and how much we will have to pass on, can you give any colour on that?

P. Srinivasan: Gentlemen, I asked a counter question, can you predict oil prices, none of us can predict oil prices, so I think there are too much uncertainties and challenges as we go along we will give you the guidance, but today being a fluid situation I think we said in the previous question that we would like to give more clarity somewhere at the end of Q1 call.

Rushabh Shah: Sir on the consolidated number, other expenses are Rs. 100 Crores, how much of that is fixed in nature, if you have breakup in that?

P. Srinivasan: Right now, we do not have that right now with me, but its sizable amount, I think once the annual report comes further you will be in a better position to judge that we will announce may be in the months' time we will give annual report.

Moderator: Thank you. The next question comes from the line of Arpit Shah with Stallion Asset. Please go ahead.

Arpit Shah: Congratulations on good set of numbers. I just wanted idea on antidumping duty which has won by you in Chinese import so what is the situation there, what kind of demand we plan to foresee on that?

Rushabh Shah: Gentlemen, we did not follow your question, please?

Arpit Shah: You know antidumping duty which is imposed by US, there is antidumping duty on Chinese imports of rubber chemicals so I just wanted to know what kind of situation, what kind of demand NOCIL can fulfil or NOCIL is present there to take over all these demand?

P. Srinivasan: I think we just answered to this question sometime back, on an index level of 100 we have already moved to 300 in the US market, as you rightly said, we will see the opportunity we have participated in that and we intend to grow further and consolidate our position there.

Arpit Shah: So, what is the volume marketing is there in US?

P. Srinivasan: We do not have specific numbers, but in rubber consumption they are about 9% of the world consumption, I guess.

Arpit Shah: 9% of consumption globally?

P. Srinivasan: Europe supplies large part of the US requirements.

Arpit Shah: And what share China would have in that imports any idea on that?

P. Srinivasan: We do not have any idea on that; we do not have any data on the same with us.

Arpit Shah: And US as percentage of exports for us would be standing on what percentage?

P. Srinivasan: That is a business sensitive issue, we would not like to disclose.

Arpit Shah: Thank you, Sir and best of luck.

Moderator: Thank you. Ladies and gentlemen, due to time constraints that was the last question for the day. I would now like to hand over the conference to Mr. S.R. Deo, Managing Director for closing comments.

S.R. Deo: Thank you. I take this opportunity to thank everyone for joining the call. I hope we have been able to address all your queries. For any further information, kindly contact NOCIL or Strategic Growth Advisors, our Investors Relations Advisors. I request all of you to be safe under the given the circumstances. Thank you very much.

Moderator: Thank you. On behalf of NOCIL Limited that concludes this conference. Thank you all for joining us. You may now disconnect your lines.