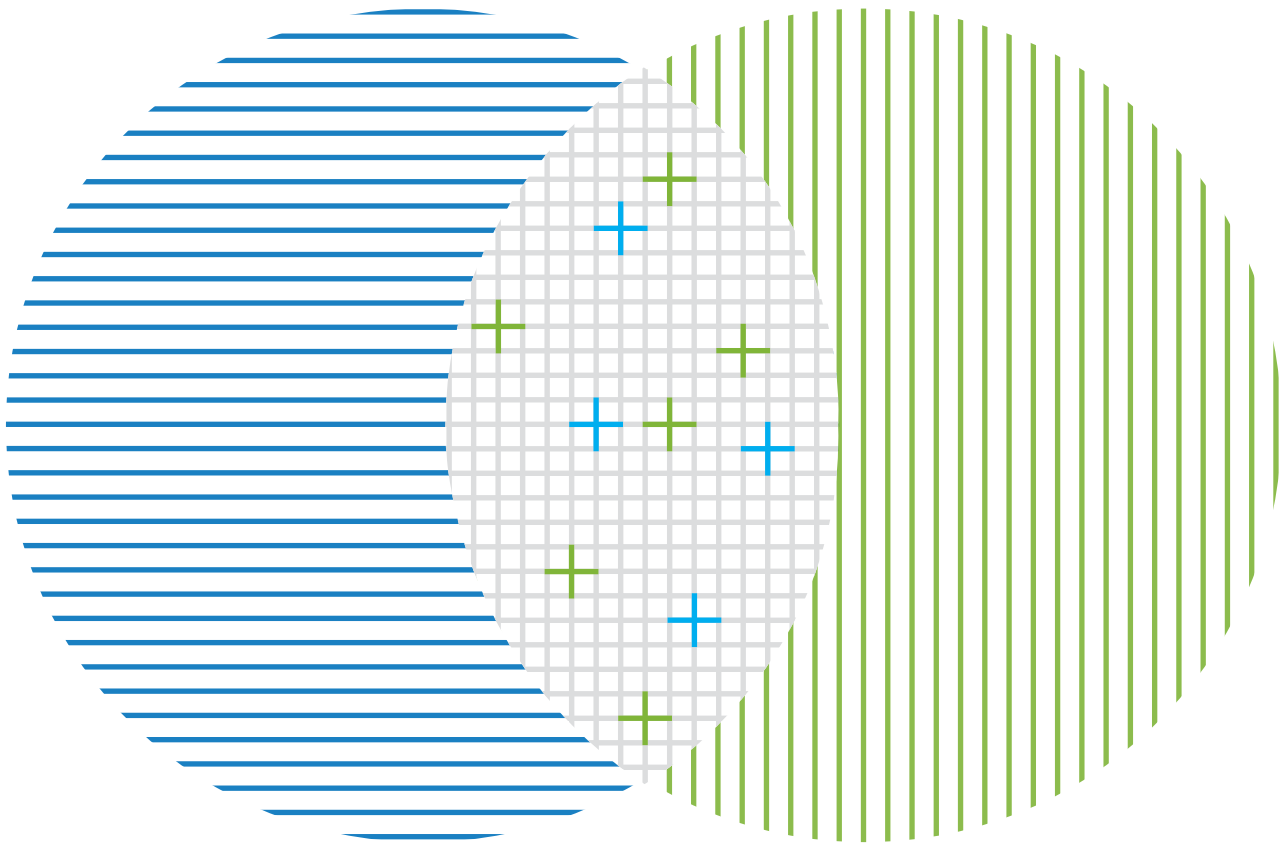




ARVIND MAFATLAL GROUP
The ethics of excellence



NOCIL LIMITED



A Journey of **Growth, Stability and Sustainability**

NOCIL LIMITED
60th ANNUAL REPORT 2021-22

What's Inside

CORPORATE OVERVIEW [01-16]

- 01 A Journey of Growth, Stability and Sustainability
- 02 NOCIL Limited – Advancing Sustainability with Stability
- 05 Robust Financial Performance
- 06 Managing Director's Communique
- 08 The Story of Our Journey
- 09 Sustainable Product Portfolio
- 10 Innovation Driving Sustainability
- 11 Moving towards ESG Compliance
- 12 Social and CSR Initiatives at NOCIL
- 14 Board of Directors
- 16 Corporate Information

STATUTORY REPORTS [17-104]

- 17 Notice to the Shareholders
- 40 Directors' Report
- 72 Management Discussion and Analysis
- 76 Report on Corporate Governance
- 96 Business Responsibility Report

FINANCIAL STATEMENTS [105-229]

- 105 Independent Standalone Auditor's Report
- 116 Standalone Financial Statements
- 170 Independent Consolidated Auditor's Report
- 178 Consolidated Financial Statements

Disclaimer : This document contains statements about expected future events and financials of NOCIL Limited ('NOCIL', 'The Company' or 'We'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

INVESTOR INFORMATION

Market Capitalisation as at March 31, 2022	: ₹ 4,155 Crores
CIN	: L99999MH1961PLC012003
BSE Code	: 500730
NSE Symbol	: NOCIL
AGM Date	: July 28, 2022
AGM Mode	: Virtual



Please find our online version at:
<http://www.nocil.com/detail/financials/annual-report/12>



A Journey of Growth, Stability and Sustainability

With our expanded capacities, cutting-edge innovation and focus on quality, at NOCIL, we have always endeavoured to cater to customers' needs, while delivering a stable performance. Leveraging on our past laurels and capabilities built over the years we have always been focused on expanding our offerings across the board.

Being part of the chemical industry, sustainability is of paramount importance to us. We deliver a wide

range of products to our customers, manufactured through sustainable processes, while delivering a stable performance year on year.

We have constantly striven to continue to expand our horizons and unlock new levels of growth.

Our Annual Report, thus covers our journey of Growth, Stability and Sustainability.

NOCIL Limited – Advancing Sustainability with Stability

At NOCIL Limited, we work with the philosophy of Ethics of Excellence.

It is this philosophy that has made the Company as one of the dependable players in the world, and the largest manufacturer of rubber chemicals in India.

Over the last 4 decades, we have been regarded as one of the most credible names for manufacturing and supplying rubber chemicals, with a customer base that spread across 40 countries.

NOCIL Limited is a part of Arvind Mafatlal Group that firmly believes in growth through technological innovations, global accreditations, customer delight coupled with a responsible approach towards health, safety and environment.

We take pride in the quality of our services as it puts our customers and their needs at the centre of planning. It's because of our vision and commitment that we have evolved as one of the very few rubber chemical manufacturers in the world currently, providing a one-stop solution for all rubber chemical needs.



45+ Years
of Legacy in Rubber Chemicals

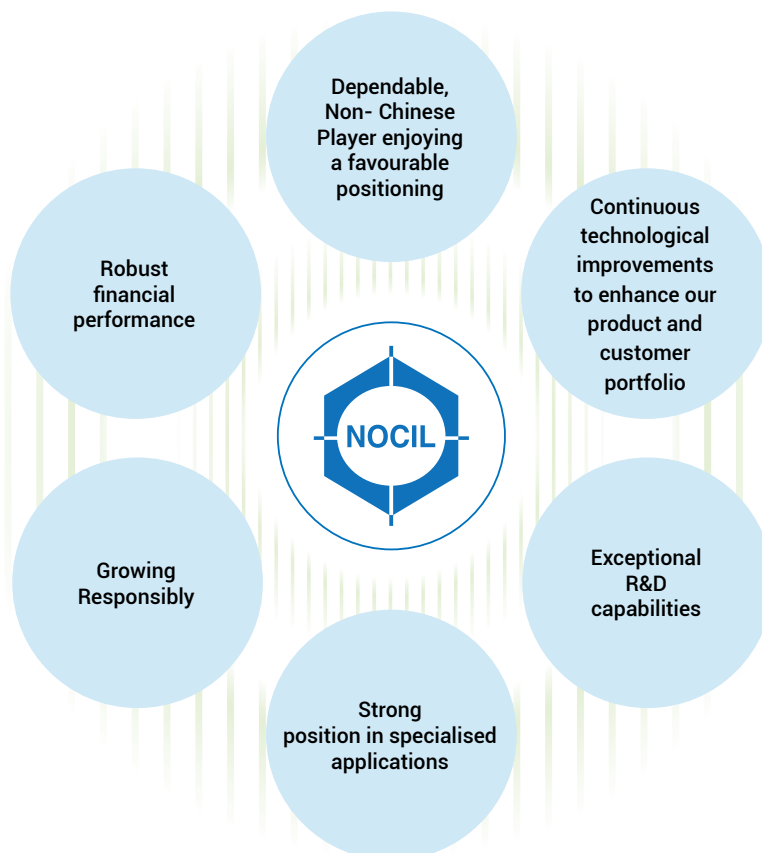


40+ Countries

Presence, with long term relationships with Customers



20+ Products of Legacy in Rubber Chemicals





Dependable, Non-Chinese Player enjoying a favourable positioning

We are a dependable quality player with committed plans for future growth. We offer a wide range of products having presence across 20+ varieties of products in the rubber chemical basket. We are an approved and registered vendor with major Domestic and International tire players. Having a broad base of customers in non-tire applications, we offer a One-Stop-Shop solution for a broad gamut of rubber applications. We also offer technical support to customers across the board.

Continuous technological improvements to enhance our product and customer portfolio

Globally, we are recognised for our technical capabilities and on this aspect alone, we enjoy an edge over other players in this business. Our technical expertise enables us to constantly enhance our product portfolio covering more and more end-user industries. This expertise also helps us expand into newer geographies, while catering to newer customers.

Exceptional R&D capabilities

NOCIL develops solutions based on the principle of 'green chemistry' and next-generation environmentally sustainable growth techniques,

which has recently gained a lot of traction across the world. Our capabilities in Research & Development enable us to develop niche products using innovative technologies & Green chemistry concepts, while creating new-generation environmentally sustainable processes for growth.

Strong position in specialised applications

At NOCIL, it is our strong in-house technological backbone that enables us to develop products and solutions for specialised applications.

Growing Responsibly

We are a **Responsible Care** Company and are committed towards the environment around us. We actively work towards being more conscious and taking steps that help conserve nature, energy, and at the same time delivering quality and safety. NOCIL Limited has been awarded **Responsible Care** Logo by the Indian Chemical Council. It's a testament to the Company's continuous improvements in the areas of environmental protection, health, safety and secured transportation of raw materials and finished products. Continual investments have been carried out to adopt various innovative environmental technologies for long-term sustainability.

Robust Financial Performance

STATEMENT OF PROFIT AND LOSS

(Amount ₹ in Lakhs)

Sr. No.	Key Items of Income Statement	2017-18	2018-19	2019-20	2020-21	2021-22
1	Operating Revenue	98,927	104,290	84,629	92,466	157,131
2	Other Income	1,433	1,001	970	1,428	484
3	Total Income	100,360	105,291	85,599	93,894	157,615
4	Operating EBITDA	26,287	29,028	17,645	12,693	28,290
5	Profit Before Tax	25,307	27,669	15,241	10,418	23,959
6	Profit After Tax	16,861	18,409	13,098	8,649	17,595
7	Earning per share (EPS)- Basic (in ₹)	10.27	11.14	7.91	5.21	10.57
8	Earning per share (EPS)- Diluted (in ₹)	10.15	11.08	7.91	5.20	10.54
9	Dividend (₹ per Share)	2.50	2.50	2.50	2.00	3.00

BALANCE SHEET

Sr. No.	Broad Particulars of Assets & Liabilities	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22
10	Property, Plant and Equipment	54,178	75,961	92,578	90,571	89,263
11	Non-Current Investments	7,701	4,738	4,892	4,975	6,065
12	Other Non-Current Assets	3,293	4,482	3,633	3,329	3,149
13	Current Assets	66,386	57,601	41,684	61,015	83,147
14	Total Assets	131,558	142,782	142,787	159,890	181,624
15	Equity Share Capital	16,448	16,542	16,561	16,622	16,657
16	Free Reserves/ Other Equity	87,295	98,764	101,040	110,728	126,730
17	Total Net Worth	103,743	115,306	117,601	127,350	143,387
18	Average Net Worth	97,124	109,525	116,454	122,476	135,369
19	Deferred Tax Liabilities	10,026	10,536	8,865	9,563	10,281
20	Long Term Borrowings	500	-	-	-	-
21	Capital Employed	114,269	125,842	126,466	136,913	153,668
22	Average Capital Employed	108,264	120,056	126,154	131,690	145,291
23	Other Non-Current Liabilities	1,534	1,471	2,327	1,949	1,866
24	Current Liabilities	15,755	15,469	13,994	21,028	26,090
25	Total Liabilities	131,558	142,782	142,787	159,890	181,624
26	Book Value per Equity Share (₹) (Face value- ₹ 10 per share)	63.07	69.71	71.01	76.62	86.08
27	Operating EBITDA (%)	27%	28%	21%	14%	18%
28	Net Profit %	17%	18%	15%	9%	11%
29	Return on Net Worth (%)	17%	17%	11%	7%	13%
30	Return on Capital Employed (%)	23%	23%	12%	8%	17%
31	Current Ratio	4.21	3.70	2.98	2.90	3.19

Managing Director's Communique

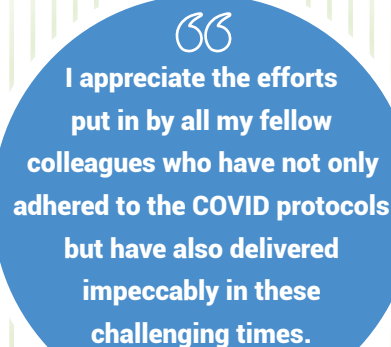
Dear Shareholders,

I hope you're all doing well during these trying times. The year 2021-22 was marked as the year of resilience and recovery. Despite the challenging environment that has prevailed over the previous two years, NOCIL has delivered a robust performance, thanks to its integrated value chain, technological strength, wide product range, and strong marketing network. We continue to pursue to consolidate our position in the global and domestic rubber chemicals market.

Following the effect of COVID-19 (second wave), the Indian tire industry has made a gradual recovery, with a positive long-term prognosis. Supply side issues such as semiconductor chip shortages and logistics impacted demand, but tire replacement demand was strong across the product segments. Furthermore, tire import limitations continue to assist domestic tire manufacturers in maintaining high operating rates.

Statistics on worldwide rubber use, both natural and synthetic, continue to indicate an increasing trend. Domestic tire demand follows the GDP growth trend; hence we estimate that growth will be in the range of 7% to 8% in 2022-23.

We continue to monitor the markets and are confident in our ability to meet future demand. We're also expanding our geographic reach and improving our position in the export market for our products. Our



I appreciate the efforts
put in by all my fellow
colleagues who have not only
adhered to the COVID protocols
but have also delivered
impeccably in these
challenging times.

new capacity expansion coincides with key business tailwinds, allowing us to accelerate revenue and profit growth in the future years. We would also be investing in small capex programmes towards debottlenecking of capacities of some of the products. Our export market presence has been growing, and we are also positive about our export prospects. The China plus strategy has also supported us in our growth objectives. With enhanced capacities in place, strong technological capabilities and a long-standing connection with domestic and global tire companies, NOCIL is well-positioned to capitalise on the upcoming opportunities.

NOCIL has exhibited a stable and resilient performance during the year. The volumes during the year grew by 16% as compared to same period last year owing to increased demand. The sales growth was driven by price hikes taken across products commensurate with the cost increases and also due to change in the product mix. On a standalone basis, revenue

from operations for the 2021-22 grew by 70% to ₹ 1,571 Crores from ₹ 925 Crores in 2020-21. Operating EBITDA during the year recorded a growth of 123% to ₹ 283 Crores from ₹ 127 Crores in 2020-21. EBITDA margins expanded primarily due to the operating leverage benefits from increase in production by 34% as compared to previous year. PAT for financial year more than doubled to reach ₹ 176 Crores vis-a-vis ₹ 86 Crores in 2020-21.

The prices of our essential raw materials and fuels have risen considerably as a result of the global inflationary trend and a strong spike in commodity prices. The price hikes were largely owing to the Russian-Ukraine geo-political crisis, which resulted in higher crude oil and benzene prices, as well as wider gaps between benzene and its derivatives. Furthermore, unexpectedly high coal and gas utility prices, as well as supply chain interruptions due to COVID-19 outages in China, delayed the delivery of imports and caused different logistics challenges.

NOCIL has taken initiatives in recent years to prevent supply chain disruptions, including alternate sourcing, encouraging local suppliers to align with the **ATMANIRBHAR** objective for its raw materials. NOCIL is dedicated to continually enhancing operating efficiencies.

I appreciate the efforts put in by all my fellow colleagues who have not only adhered to the COVID protocols but have also delivered impeccably in these challenging times.

During COVID-19, our priority was our NOCIL family and so we adopted new health protocols and embraced a new work environment. We also conducted vaccination drives for our employees and their families (including contract labour) to ensure their safety. All the protocols/directions issued by various government agencies were strictly followed.

We realise our responsibility towards environment and strive to do our bit for the same. We consciously frame our policies, making them environmentally sensitive, to keep our products and processes sustainable in nature. We are certified with ISO 50001 for energy conservation. We also take pride in being a **Responsible Care** certified Company. Besides, we have always been committed to giving back to the society. We have utilised our resources on education, healthcare and agriculture sectors that help uplift the marginalised sections of the society.

Going ahead, the Company is set to grow in the domestic as well as international markets and explore a plethora of opportunities. We will leverage our position of being the leading manufacturer in India and a dependable non-Chinese manufacturer across the globe to expand our businesses while being sustainable. We will continue to expand our horizons and unlock new levels of growth.

I want to thank all our stakeholders for their continued support in us. I want to conclude by reiterating how proud I feel at this point, envisioning the future of the Company and having a workforce that is resilient and motivated. I hope we continue at this stride and continue making the impact that we do.

Sincerely,

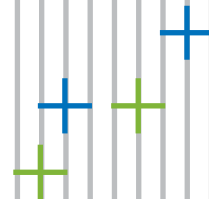
S. R. Deo



The Story of Our Journey

Manufacturing at NOCIL – Stable and Sustainable

As one of the leading manufacturers in rubber chemicals globally, our processes involve complex chemical synthesis. Therefore, it is of prime importance to ensure that all our products adhere to International quality standards. Our manufacturing facilities have the state-of-the-art technologies to manufacture diverse range of rubber chemicals for tire and other rubber applications.



1. Navi Mumbai, Maharashtra

As one of the leading manufacturers in rubber chemicals globally, our processes involve complex chemical synthesis. Therefore, it is of prime importance to ensure that all our products adhere to International quality standards. Our manufacturing facilities have the state-of-the-art technologies to manufacture diverse range of rubber chemicals for tire and other rubber applications.



2. Dahej, Gujarat

The Dahej site is a state-of-the-art manufacturing facility commenced production in 2013. Located at 45 kms from Bharuch, Gujarat, this facility is strategically located in the proximity to petrochemicals industry that is connected with Dahej and Hazira ports. The facility has fully-automated processes that are developed using in-house technology and process controls.

