



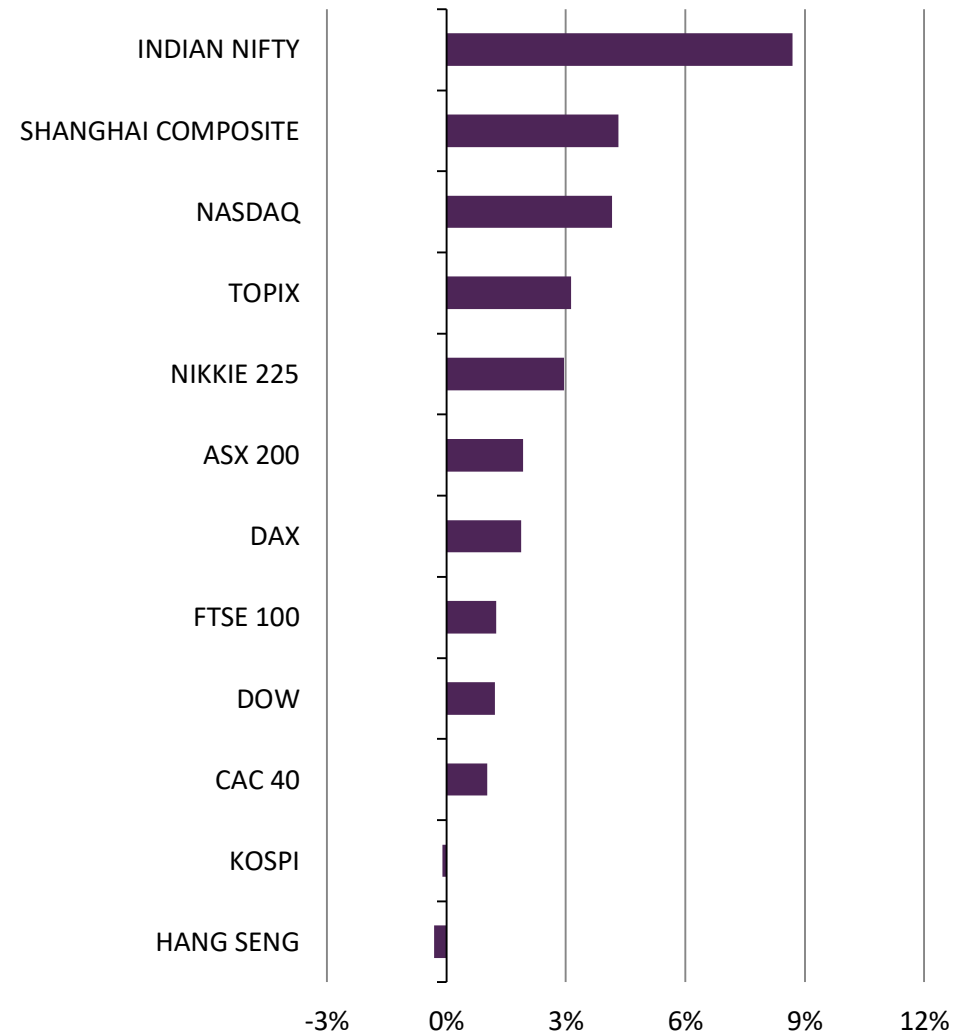
BESPOKE

Advice for a select few

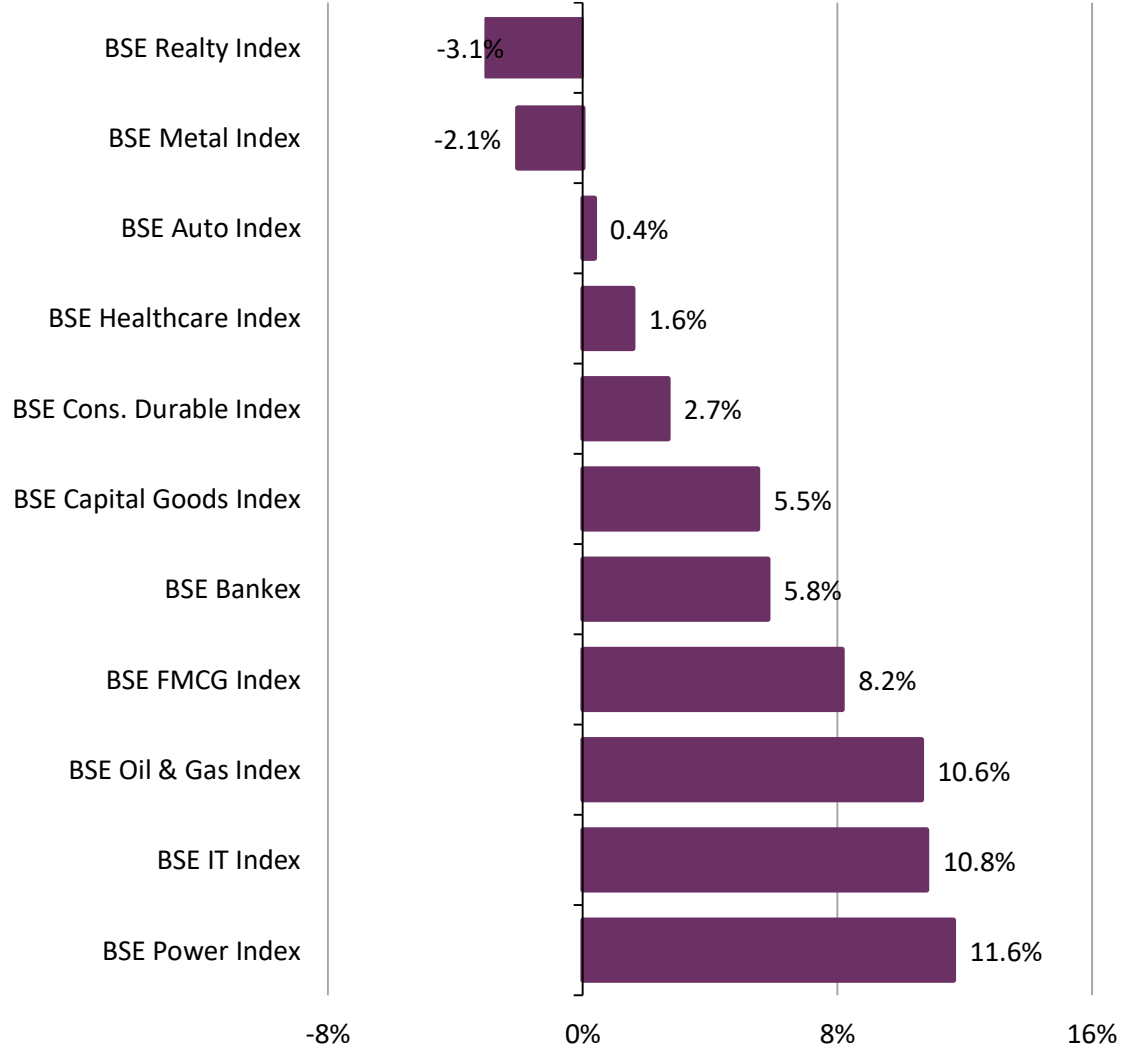
ANANDRATHI
PRIVATE CLIENT GROUP
EQUITY



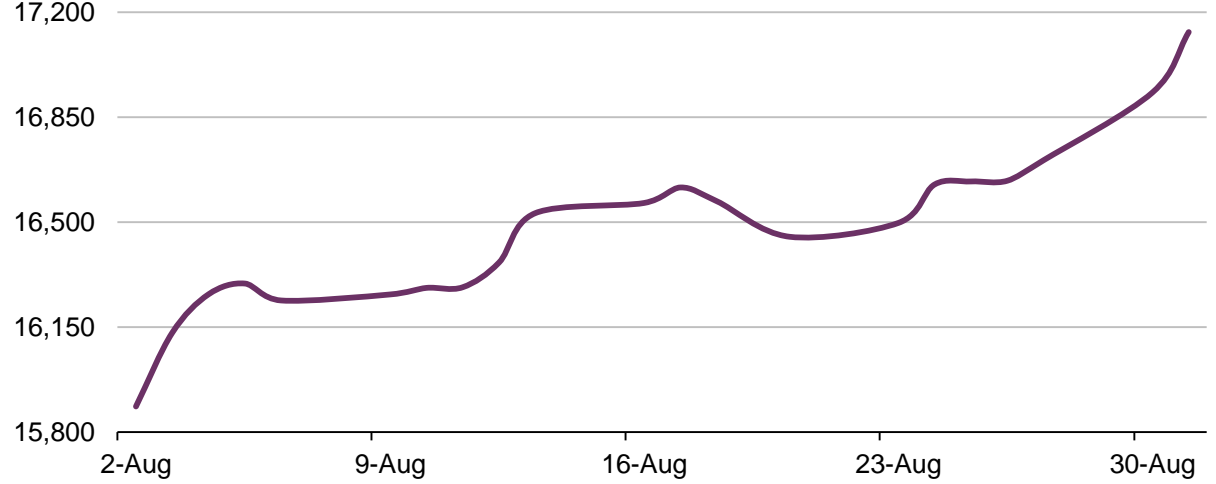
Global Markets performance in Aug-21



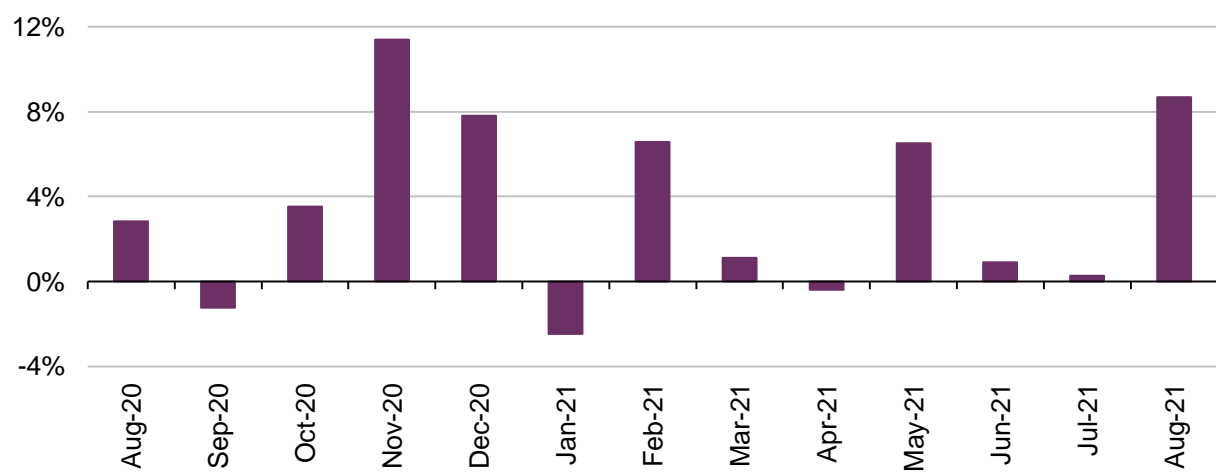
Sector wise performance during the month



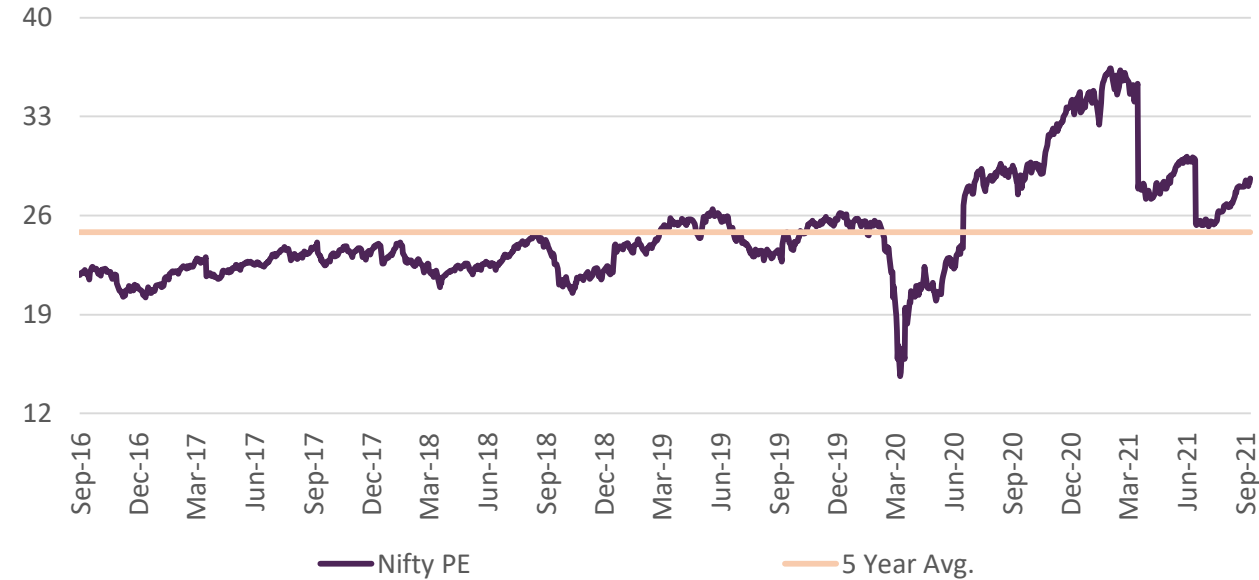
NIFTY Performance in Aug 2021



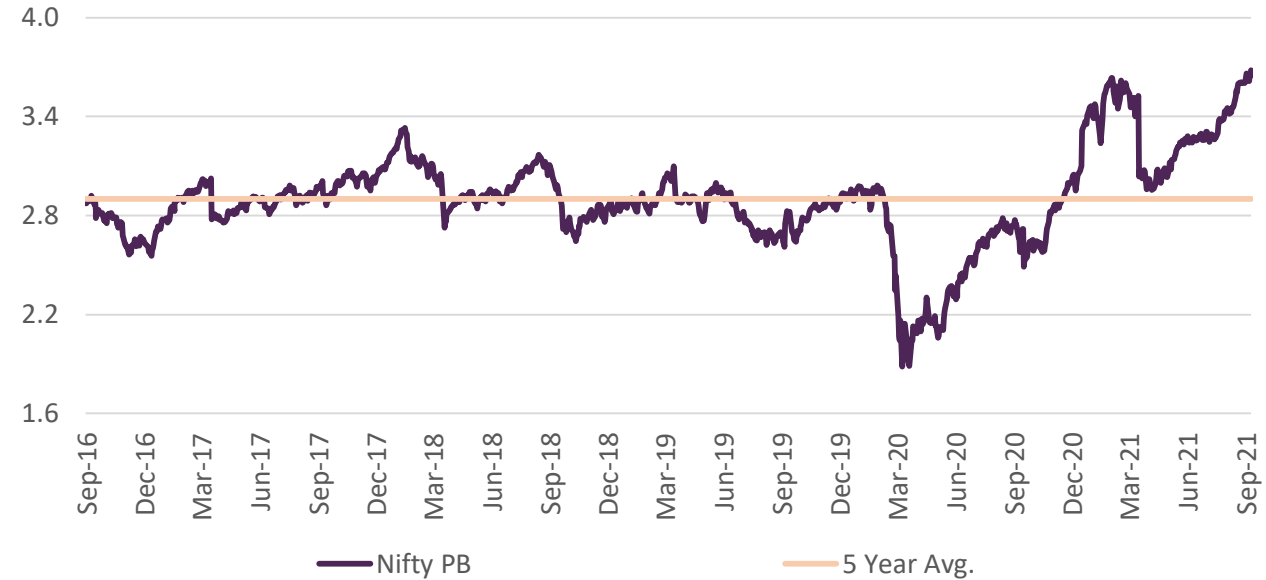
NIFTY monthly performance for trailing 12 months



Nifty Trailing 12M P/E & 5 Yr. Avg. P/E

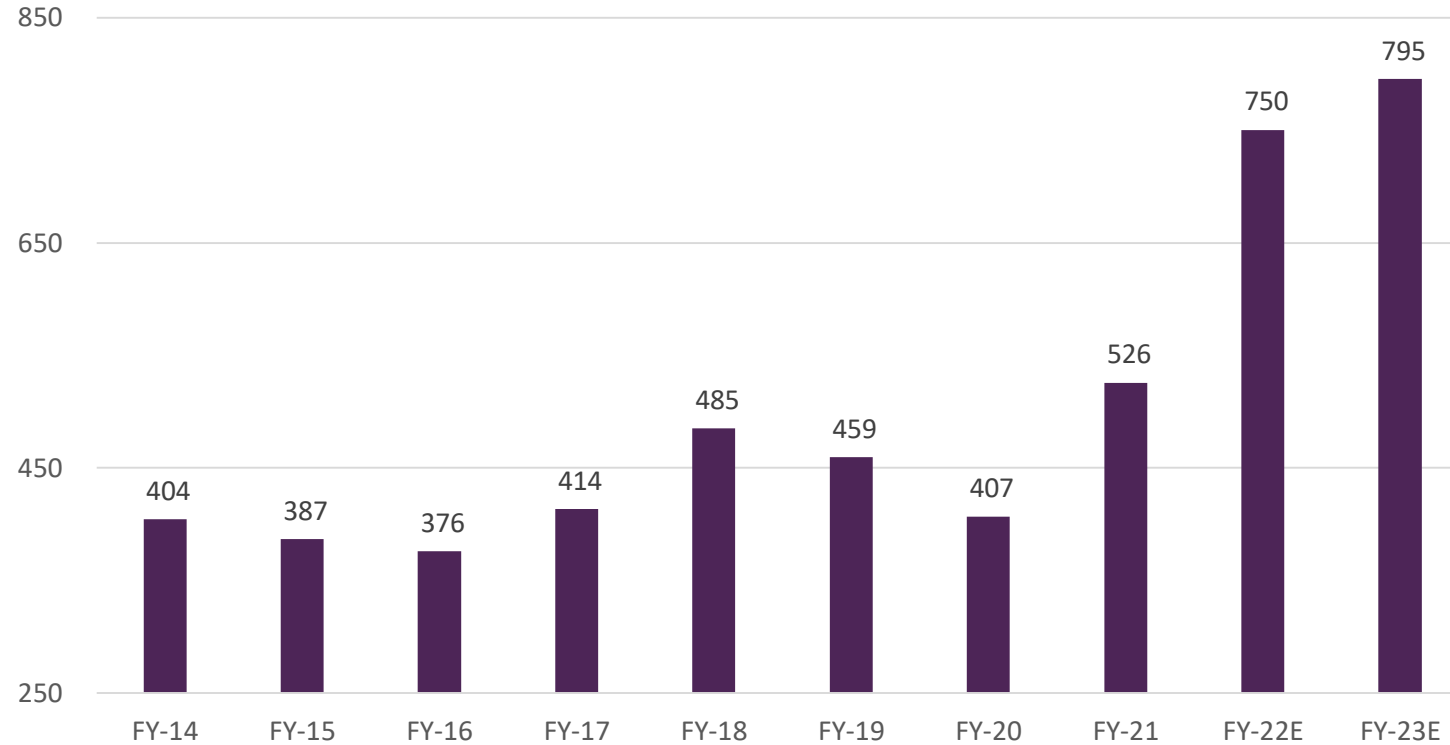


Nifty Trailing 12M P/B & 5 Yr. Avg. P/B



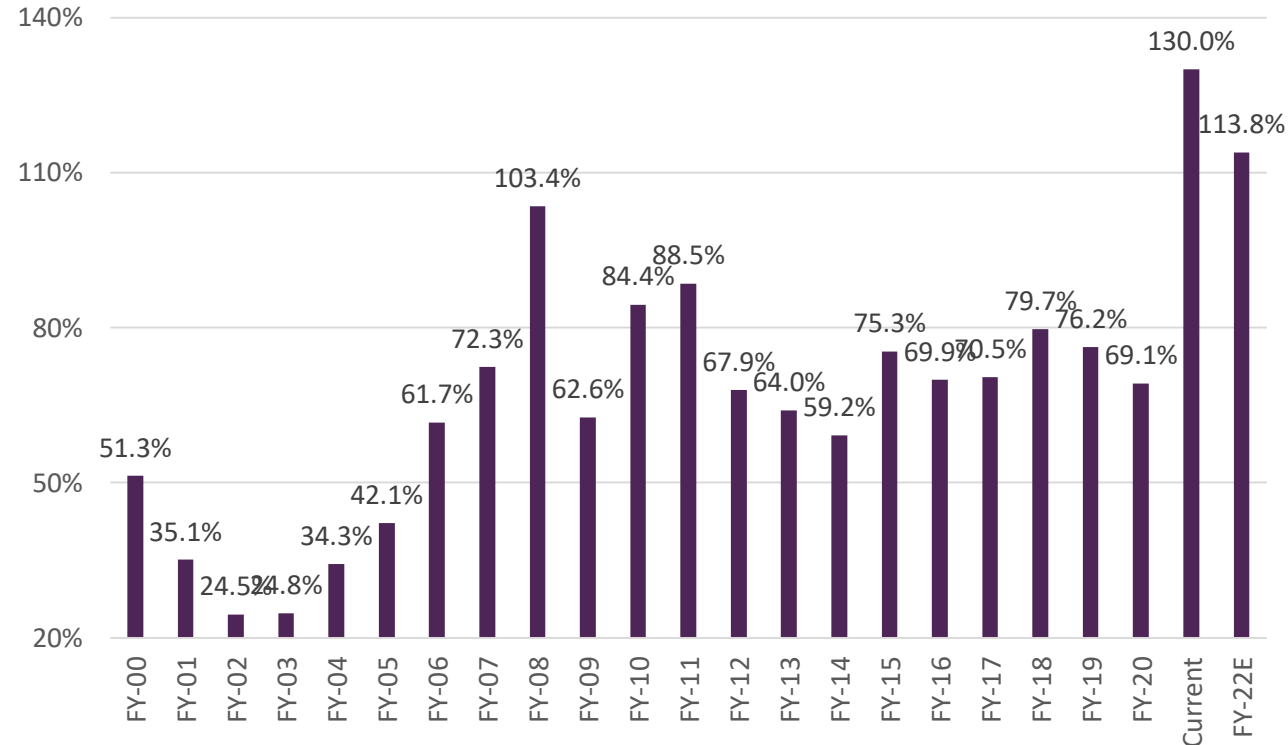
- Currently Nifty50 is trading at around 28.6x its trailing 12 month price to earnings ratio while its five year historical average price to earnings ratio stands at around 24.8x. A premium of around 15.4% from its five year historical average.
- In terms of price to book ratio, the Nifty50 is trading at around 3.7x its price to book while its five year historical price to book ratio stands at around 2.9x. A premium of around 26.8% from its five year historical average.

Nifty Historical and Estimated EPS (Consensus)



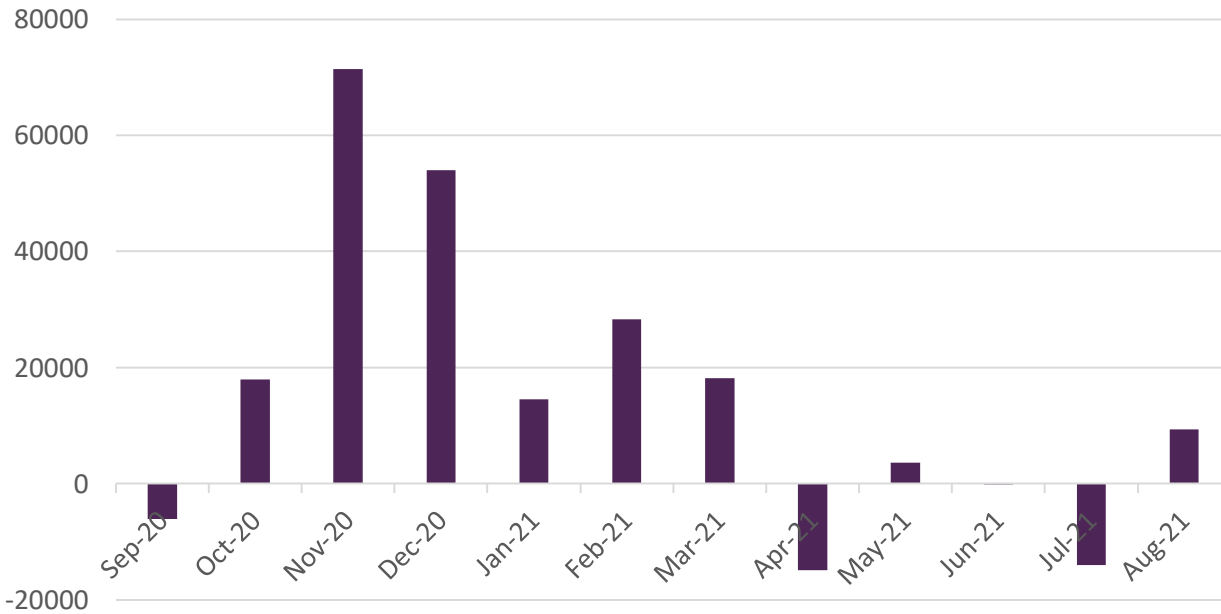
- Nifty50 earnings are estimated (consensus) to grow at a CAGR of about 23% in next two years from FY21 onwards till FY23.

India Market Cap. to GDP Ratio

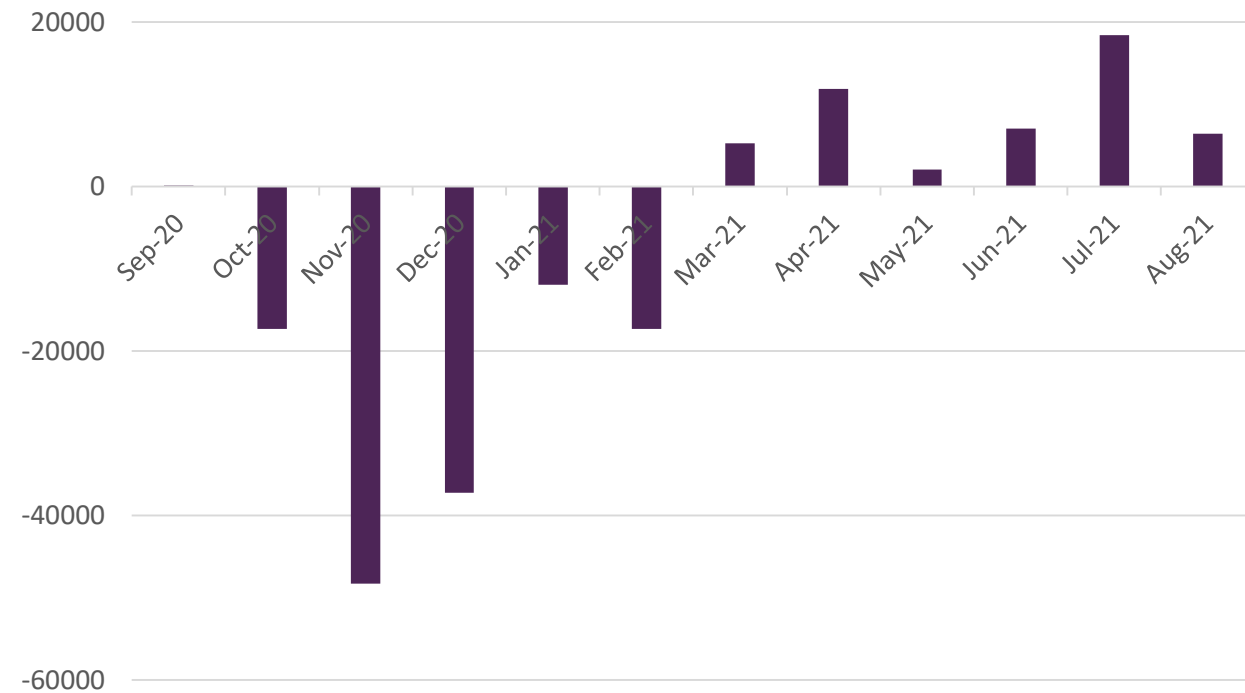


- Currently India's listed companies market capitalisation to GDP ratio stands at about 130% at month end while it was about 114.4% at the start of the Aug-21 month. The ratio is considered an indicative of overall equity market sentiments and cycles.
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FII Monthly Inflows in Equity (₹ Crore)

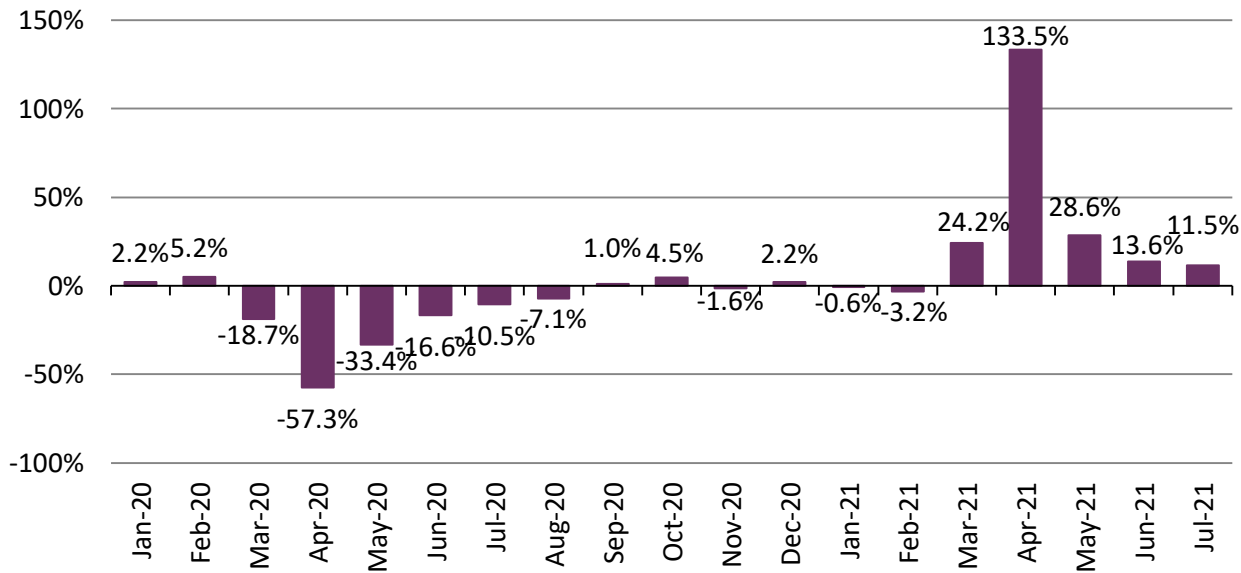


DII Monthly Inflows in Equity (₹ Crore)

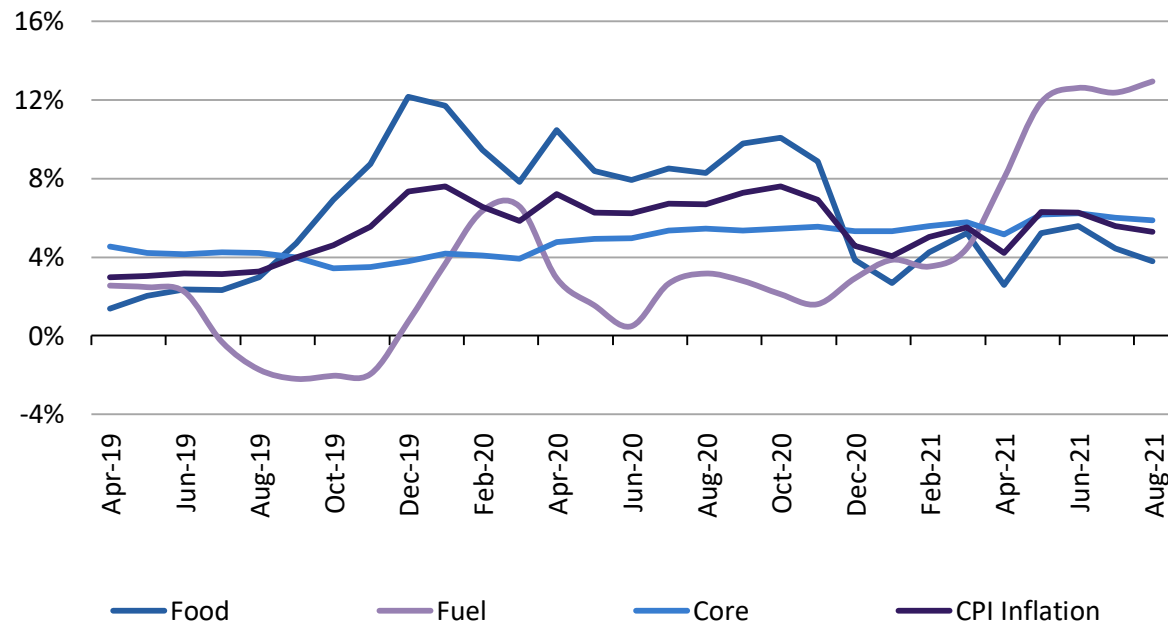


- FII monthly inflows for the month of Aug-21 has seen net inflows of almost ₹9,342 crores which is first positive month in last two months.
- On the other hand, domestic funds have seen sixth consecutive monthly net inflows which stood at around ₹6,396 crores.

IIP Growth (%) trend (2011-12 base)



Food, Fuel, Core & CPI Inflation (%) YoY

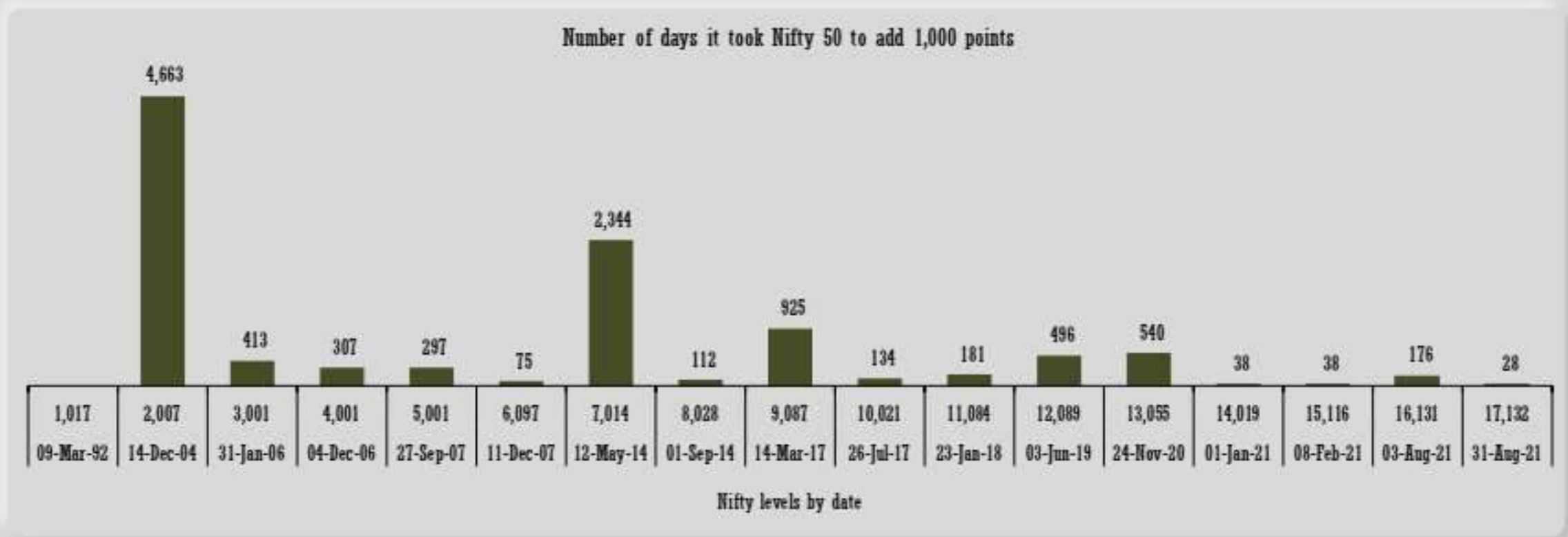


- Index of Industrial Production (IIP) data for the latest month Jul-21 maintained its positive momentum in industrial activity. The index stood at 11.5% for the month.
- Latest inflation data released showed some moderation in overall inflation with core inflation at 5.9%, CPI at 5.3%. The Food inflation for the Aug-21 month stood at 3.8% while fuel inflation increased to 12.9% for Aug-21 month.

Is the market moving too fast?

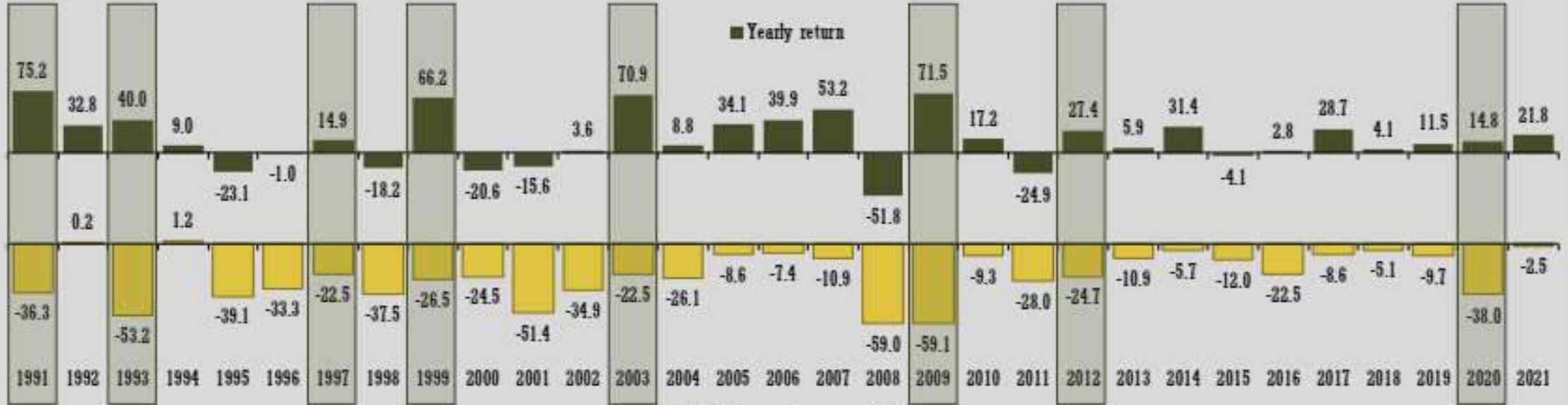
Nifty 50 moved from 13,000 to 17,000 in 280 days, from 16,000 to 17,000 in 28 days

Number of days



Are we in for a big market correction?

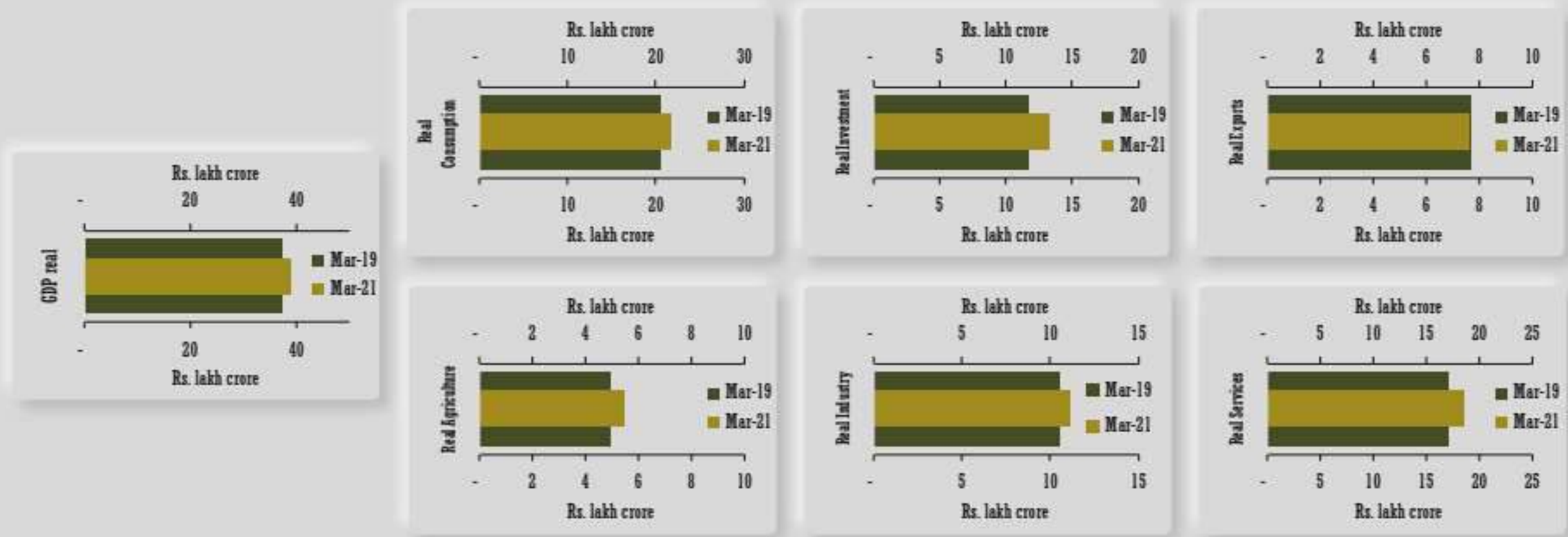
Since 1991, Nifty 50, on an average, corrected 22.5% in a year but still generated yearly average return of 14.8% % change



Years with low correction and high return
 Years with correction correction and high return

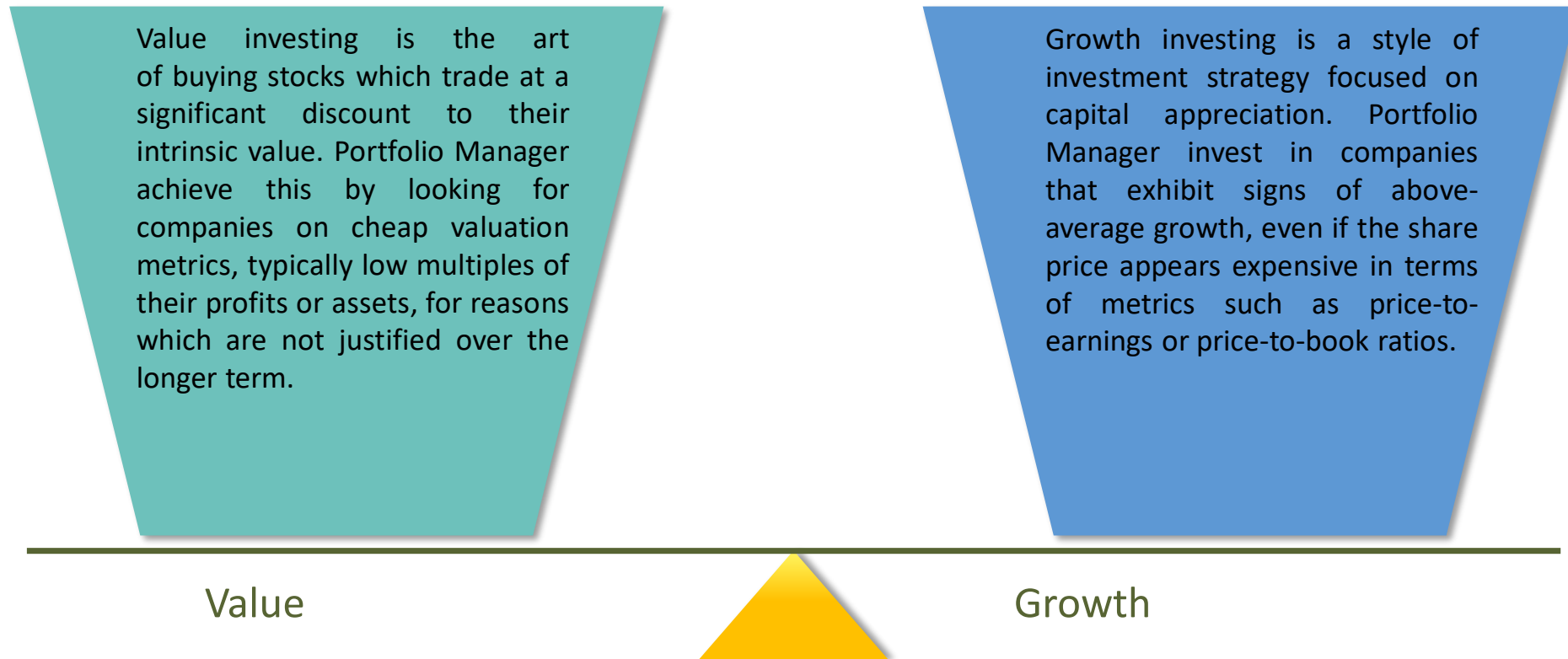
Has the economy gone back to the pre-pandemic level?

Despite all the pandemic-led dislocations, in Mar'21 all parts of the economy (ex. exports) were ahead of Mar'19



Objective:

- Focus on Return Optimization by investing in multi cap portfolio of rising enterprises with sound corporate track record and sustainable business model keeping balance between value and growth strategy.



Why Multi-cap Strategy

Bull Period

	Apr-03	Dec-07	CAGR	Volatility
--	--------	--------	------	------------

Sensex	2960	20287	51.0%	22.0%
BSE Mid Cap	952	9789	64.6%	25.0%
BSE Small Cap	893	13348	78.4%	31.6%

Bear Period

	Dec-07	Dec-11	CAGR	Volatility
--	--------	--------	------	------------

Sensex	20287	15455	-6.6%	31.2%
BSE Mid Cap	9789	5135	-14.9%	40.5%
BSE Small Cap	13348	5550	-19.7%	45.4%

Current Bull period

	Dec-11	Dec-19	CAGR	Volatility
--	--------	--------	------	------------

Sensex	15455	41254	13.0%	9.0%
BSE Mid Cap	5135	14968	14.3%	12.0%
BSE Small Cap	5550	13699	11.9%	13.5%

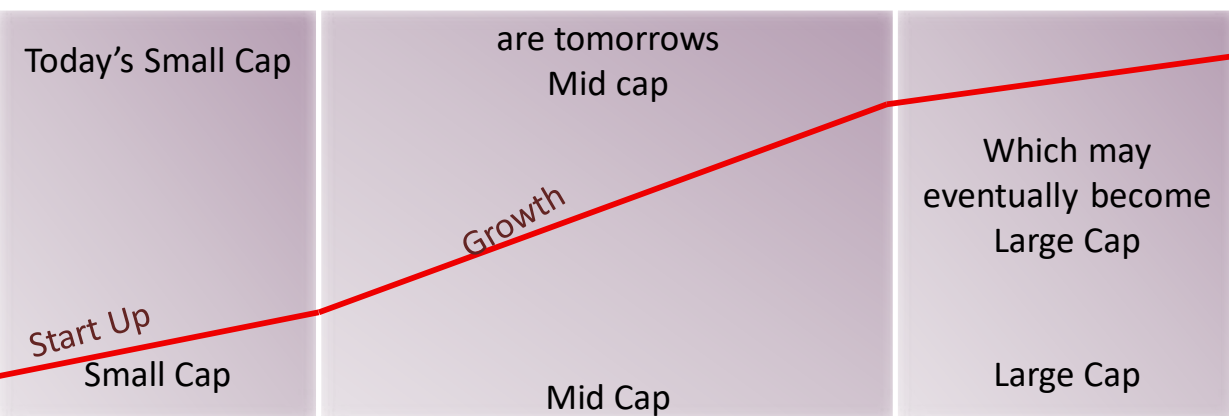
❖ The table shows outperformance of the Mid Cap and Small Cap Index over the Sensex Index during the Bull Period.

❖ Outperformance of the Mid Cap and small caps happens because of better earnings growth in the bull phase.

❖ The P/E for Mid cap and Small Caps also expands as earnings growth is superior v/s Sensex earnings growth.

❖ Identifying the business within attractive valuation compare to their growth is key factor for outperformance.

❖ Returns delivered from Mid Cap and Small Cap do outperform the Large Cap, however one should keep in mind the risk associated with it as we see the higher volatility in it. Therefore we emphasis on stringent stock selection strategy and create a diversified Multi-cap portfolio to create alpha over the benchmark.



Allocation

Business Model either in

- 1) Improving Market Share
- 2) Leadership
- 3) Niche Business Model

Rising Enterprises

- 1) Stable and Improving Margins
- 2) Improving ROE and ROCE

Sustainability

- 1) Visibility of Earnings over next 2-3 years
- 2) Predictable business model

Sound Corporate Track Record

- 1) Management back ground
- 2) Accounting & Corporate policies

Sector opportunity

- 1) Sector potential to grow
- 2) Cyclical / Non Cyclical
- 3) Favoring Policies

Diversification

- 1) Sectorally well diversified portfolio of 15-20 stocks across Market Capitalization

Exposure

- 1) Single Stock exposure < 10%
- 2) Single Sector exposure < 30%

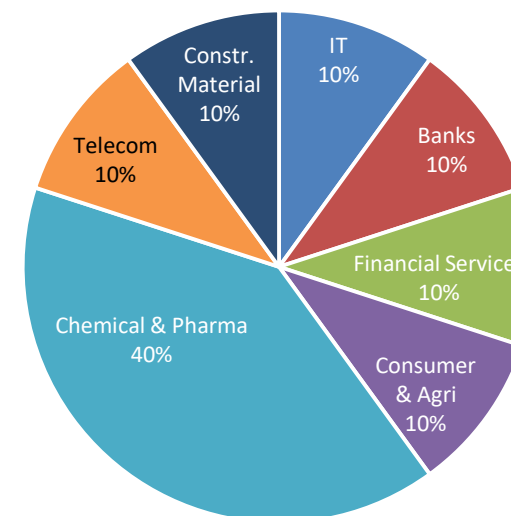
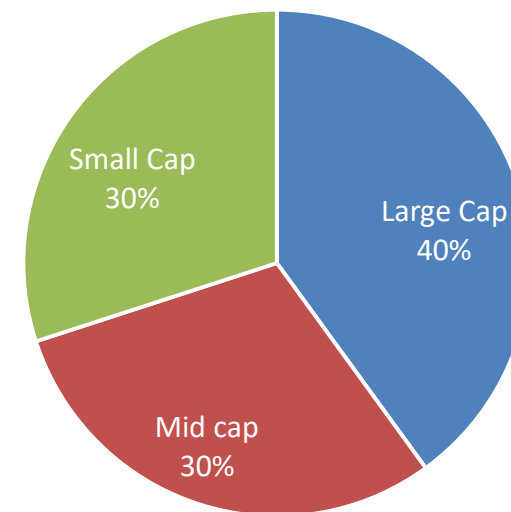
Stock Selection

Top Holdings & Allocation

S.No.	Large Cap	% Weight
1	UPL Limited	10%
2	ICICI Bank Limited	10%
3	HCL Technologies Limited	10%
4	Bharti Airtel Limited	10%

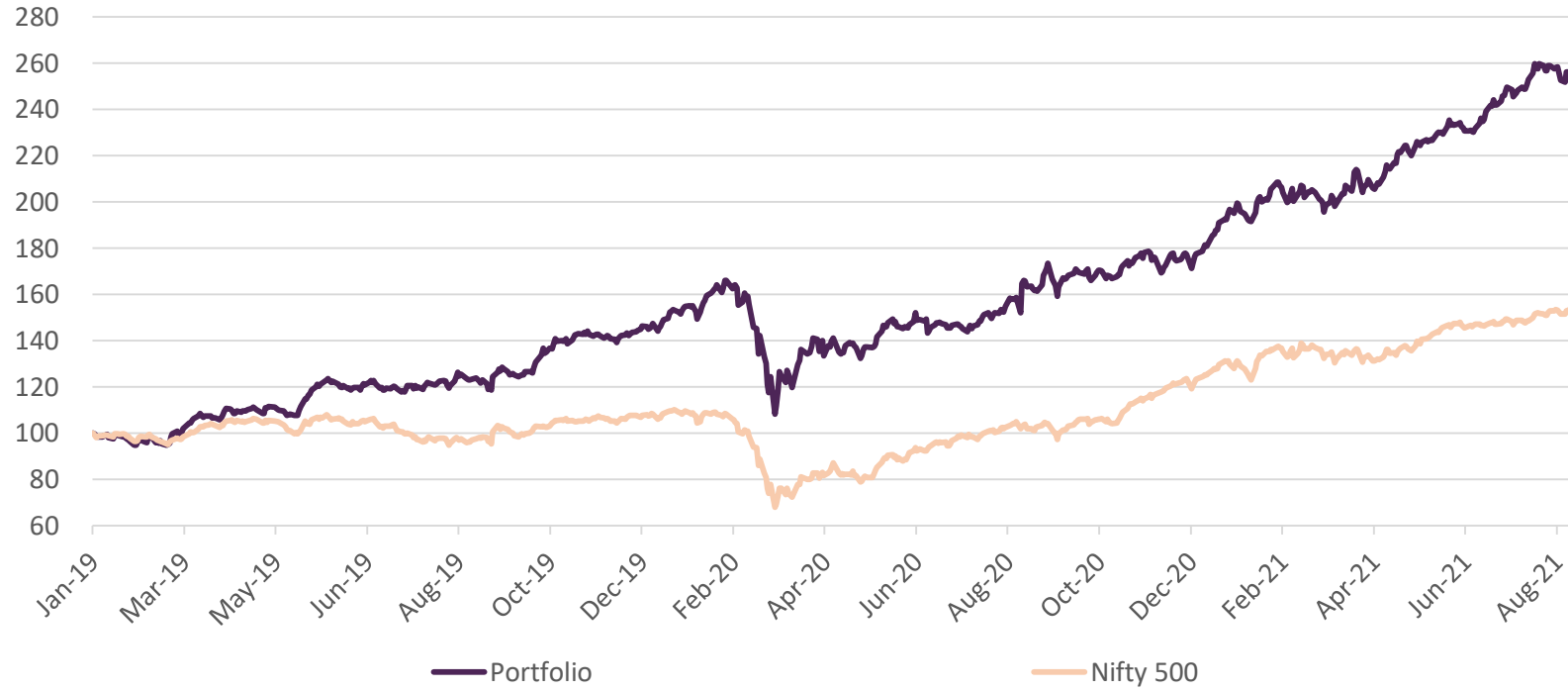
S.No.	Mid Cap	% Weight
1	Aarti Industries Limited	10%
2	Nippon Life Asset Management Limited	10%
3	Alkem Laboratories Limited	10%

S.No.	Mid Cap	% Weight
1	Vinati Organics Limited	10%
2	Heidelberg Cement India Ltd.	10%
3	NOCIL Limited	10%



NOTE: Basket /Portfolio is Equal weight with monthly rebalance strategy. As of 31st Aug 2021.

Basket / Portfolio Performance



Period	Portfolio % Return	Nifty500 % Return
One month	4.6%	6.5%
Three months	15.3%	10.1%
Six months	32.3%	19.5%
One Year	74.1%	55.3%

NOTE: Performance as of 31st Aug 2021.

What to Expect in near term



- **Positives:**

- Overall good results in Q1-FY22 and fairly stable and improving domestic macro indicators for FY22 so far.
- Boadly good Monsoon season
- Good GST data so far
- Sustained domestic support by both GoI and RBI
- Global support to also continue

- **Negatives:**

- Fed taper timeline earlier than expected
- Global uncertainty on security aspects etc.
- Sharp rise in crude oil and global energy dependent commodities
- Inflation expectations taking hold in developed markets.
- Third Covid wave in developed markets.

- ❑ UPL Limited is one of the top 5 crop protection product companies worldwide. The company's diverse product portfolio includes fungicides, herbicides, insecticides, plant growth regulators, rodenticides, specialty chemicals, nutri-feeds, seeds and seed treatment products. UPL currently has 48 manufacturing facilities across the world and presence in more than 130 countries. Region wise, during FY21, Latin America constituted 38% of total revenues, followed by 15% in North America, 17% in Europe, 12% in India while rest of the world accounted for 18% of the revenues. UPL intends to strengthen its presence in markets like Asia and Africa for driving further growth.
- ❑ Gross debt as of Jun'21 stood at ₹251,000 million while net debt stood at ₹215,000 million as of Jun'21. In 1QFY22, UPL borrowed \$250 million in sustainability loans, taking the total sustainability loans to \$750 million. Loans were utilized entirely for acquisition loan repayments – acquisition loans currently stand at \$1,500 million. Sustainability loans were taken at the rate of LIBOR +30bps.
- ❑ UPL Ltd consolidated net sales increased 8.7% YoY to ₹ 85,150 million in Q1FY22. Sales of Agro segment has gone up 8.2% to ₹81,000 million (accounting for 95.2% of total sales). Sales of Non Agro segment has gone up 22.5% to ₹4,150 million (accounting for 4.8% of total sales). The company's operating profit margin has slumped from 21.8% to 20.8%, leading to 4.1% decline in operating profit to ₹17,740 million. Raw material cost as a % of total sales (net of stock adjustments) decreased from 45.3% to 43.5% while employee cost increased from 11.1% to 12.1% and other expenses rose from 20.2% to 23.6%. Reported PAT grew by 22.9% y/y to ₹6,770 million led by tax benefits, despite UPL reporting a muted operating performance during the quarter.
- ❑ Management guided the revenue growth of ~7–10%, with EBITDA growth at 12–15% and net debt to EBITDA at <2x. The global Agrochemicals market is set to gain from better farm economics on account of firm/rising global agri commodity prices, which would in turn drive agrochemical consumption.

- ❑ ICICI Bank is a large private sector bank in India offering a diversified portfolio of financial products and services to retail, SME and corporate customers. The Bank has an extensive network of branches, ATMs and other touch points. It is at the forefront of leveraging technology and offering services through digital channels like mobile and internet banking.
- ❑ ICICI Bank Limited has reported a net interest income growth of 18% in its Q1-FY22 standalone results at ₹109,360 million as against ₹92,800 million in Q1-FY21, driven by advances growth of 17% and a net interest margin of 3.89%. Non-Interest Income, excluding treasury income increased by 56% YoY to ₹37,060 million in Q1-FY22.
- ❑ Provisions (excluding provision for tax) were ₹28,520 million Q1-FY22 compared to ₹75,940 million in Q1-FY21. During Q1-2022, the Bank has changed its policy on nonperforming loans to make it more conservative. The change in policy resulted in higher provision on non-performing advances amounting to ₹11,270 million for aligning provisions on outstanding loans to the revised policy, based on its current assessment of the portfolio, the Bank wrote back Covid-19 provisions amounting to ₹10,500 million made in earlier periods. At June 30, 2021, the Bank held Covid-19 related provision of ₹64,250 million.
- ❑ Core operating profit (profit before provisions and tax, excluding treasury income) grew by 23% year-on-year to ₹86,050 million in Q1-FY22. Profit after tax grew by 78% YoY to ₹46,160 million in the quarter ended June 30, 2021 compared to ₹25,990 million in the quarter ended June 30, 2020.
- ❑ During the quarter, the gross additions to NPAs were ₹72,310 million. Recoveries and upgrades, excluding write-offs, from nonperforming loans were ₹36,270 million in Q1-FY22. The net NPA ratio in June 30, 2021 is at 1.16% from 1.14% in March 31, 2021.
- ❑ We remain positive on ICICIBANK, considering a strong b/s (granular, sticky liability base, lower stress levels, high provision coverage ratio and adequate capital adequacy ratio), strong growth in advances, high casa ratio and improving asset quality.

- ❑ HCL Technologies is a next-generation global technology company that helps enterprises reimagine their businesses for the digital age. In order to thrive in the digital age, technologies such as analytics, cloud, IoT and automation occupy center stage. In order to offer enterprises the maximum benefit of these technologies to further their business objectives, HCL offers an integrated portfolio of products and services through three business units. These are IT and Business Services (ITBS), Engineering and R&D Services (ERS), and Products and Platforms (P&P).
- ❑ The company reported good results for the quarter under review. Revenue from operations improved by 12.5% year-on-year to ₹200,680 million on a reported basis. In constant currency (CC) terms the revenue grew by 11.7% YoY. The company reported healthy revenue growth led by better performance across all regions - Americas, Europe & RoW.
- ❑ Mode-2 business grew by 29.0% YoY. Segment wise, all segment's – IT business services, Engineering services and Product Platforms led growth during for the quarter by 13.0%, 10.7% & 6.0% YoY respectively. All verticals led growth – Financial Services, Manufacturing, Technology, Retail, Telecommunications, Life sciences and Public Services grew by 8.8%, 5.3%, 14.9%, 11.4%, 17.0%, 22.1% and 6.5% YoY respectively.
- ❑ On profitability front, the EBITDA from operations for the quarter increased by 6.4% year-on-year at ₹50,620 million with a margin of 25.2%. The company achieved the reported PAT of ₹32,050 million, an increase of 9.3% year-on-year with a net margin of 16.0% translating into EPS of ₹11.81 per share for the quarter.
- ❑ HCL won 8 new large deals in Q1-FY22 and 4 significant product wins worth \$1.67 billion registering growth of 37% YoY. The new large deal wins were from across the industry verticals of oil and gas, financial services and technology.
- ❑ IT services attrition is at 11.8% in Q1-FY22 compared to 14.6% last year due to company's effectiveness of increased employee engagement and large scale up skilling programs. The total headcount is at 176,499 with strong net addition of 7,522 during the quarter.
- ❑ The management has given a revenue growth guidance of double digits in constant currency for FY22. EBIT margin guidance expected between 19% to 21% for FY22. The management declared an interim dividend of ₹6 per share for the quarter.

- ❑ Bharti Airtel Limited is a leading global telecommunications company with operations in 18 countries across Asia and Africa. The company ranks amongst the top 3 mobile service providers globally in terms of subscribers. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national & international long distance services to carriers. In the rest of the geographies, it offers 2G, 3G, 4G wireless services and mobile commerce.
- ❑ Bharti Airtel Ltd reported consolidated revenue of ₹268,536 million in Q1 FY22 as compared to ₹232,903 million in Q1 FY21, a growth of 15.3% YoY. The company saw consistent performance across each segment during the quarter. The company has once again gained revenue market share in each of their business.
- ❑ Consolidated EBITDA margin expanded 576bps and stood at 48.3% on account of efficient execution, superior customer mix, and strong customer additions in 4G. Employee cost decreased from 4.83% to 3.85%. Other expenses fell from 51.69% to 47.81% while Selling and administration expenses rose from 3.05% to 3.95%.
- ❑ Aided by strong 4G momentum, the company's India business reported a growth of 2.7% QoQ and stood at ₹188,281 million. ARPU improved by 1% QoQ and stood at ₹146. The company continued a strong share of 4G net-ads in the market and the 4G customer base grew by 5.1 million QoQ to reach 184.4 million.
- ❑ Other India businesses such as Home and DTH also witnessed strong growth. The homes Business segment witnessed revenue growth of 8.7% QoQ with the highest-ever customer additions of 2,85,000 during Q1FY22 to reach a total base of 3.4 million. Expansion to non-wired cities through the LCO model is accelerating fast leveraging which, Airtel is now activated in over 300 cities with overall operations in 387 cities. The Digital TV grew by 5.5% QoQ backed by strong customer additions of 282K during the quarter.
- ❑ The company's relentless focus on stepping up customer experience led to Africa revenue growth of 7.6% QoQ to reach ₹81,770 million. Operating Margins for the quarter, too, improved by 30bps to 48%. The management is optimistic about gaining momentum and generating free cash flow as it treads ahead.
- ❑ The company undertook Capex of ₹65,980 million in Q1FY22. The management witnessed sustainability in customer additions as well as strong traction in the data consumption post the advent of the pandemic.

- ❑ Aarti Industries is a leading Indian manufacturer of Speciality Chemicals and Pharmaceuticals with a global footprint. Chemicals manufactured by Aarti are used in the downstream manufacture of pharmaceuticals, agrochemicals, polymers, additives, surfactants, pigments, dyes, etc. The company has 18 manufacturing plants & 200+ products.
- ❑ The company Q1 FY22 revenue grew 40.5% y/y, 8.9% q/q, to Rs13.2bn, supported by volume growth, the return of discretionary demand to pre-Covid'19 levels and the rising share of value-added products to 70%. Despite the steep increase in prices of raw materials like benzene, the gross margin improved 135bps y/y (though q/q down 14bps only) to 53.7% due to passing on the higher costs and to volume growth.
- ❑ The EBITDA margin rose a strong 442bps y/y, 231bps q/q, to 23.8%, aided by the passing on of higher raw material and logistics & fuel costs to customers. PAT was up 101% y/y, 21% q/q, to Rs.1.6bn, on the strong operating performance, higher topline growth and lower tax expenses. Finance costs increased 51% y/y, 77% q/q, to Rs.383m, due to the M2M impact on unhedged ECBs arising due to depreciation of the rupee against the dollar
- ❑ In Pharma segment, revenue of the pharmaceutical division was up 23.7% y/y, 7.3% q/q, to Rs.2.4bn, supported by higher volumes and better utilisation. The EBIT margin contracted 349bps y/y, 138bps q/q, to 19.8%, due to non-receipt of higher stocks of final products due to logistics issues. Revenue and EBIT growth were driven by operating leverage from mounting volumes and the focus on regulated markets and value-added products. Management says the ongoing API and intermediate facility expansions are doing well and expected to go commercial in H2 FY22.
- ❑ Q1 capex was Rs2.9bn. The company is expecting Rs15bn capex over FY22-23. Capex over FY22-24 includes Rs25bn-30bn for its chemicals business and Rs3.5bn-5bn in the pharma business. The company is targeting growth chiefly through import substitution, through exports and the shift in global demand to a China+1 sourcing strategy. Based on the expansion plans, the company expects 1.7x-2x revenue by FY24 from current levels, with stable margins and profits. In the longer run, till FY27, it expects revenue to rise 2.5x-3.5x.
- ❑ Management maintained its 25-35% guidance of revenue and bottom line growth in FY22 based on a pick-up in demand, the commissioning of projects, the rising share of high-margin products and business from new chemistries

- ❑ Nippon Life India Asset Management Limited is one of India's largest asset management companies with a total AUM of ₹ 3.55 lakh crores as of March 31, 2021. The Company engages in managing mutual funds including exchange traded funds (ETFs); managed accounts, including portfolio management services, alternative investment funds and pension funds; and offshore funds and advisory mandates.
- ❑ Nippon Life India AMC unique Investor Base stands at 7.5 million. The company added 0.6 million investors during the Quarter as against 1.1 million as compared to that of the Industry. As on 30th June, 2021 NIMF has 11 million investor folios, with an annualised systematic book of over ₹ 70 billion. The company has gained 13 basis points in MF's AUM Market Share to 7.25% during the quarter. NIMF has geographical presence at approx 280 locations pan India, and is amongst the highest in the industry
- ❑ The Company's consolidated total revenue stood at ₹ 3,691.8 million during 1QFY22 as compared to ₹ 3,361.8 million during 1QFY21, an increase of 10% YoY. Revenue from operations during 1QFY22 stood at ₹ 3,022.7 million as against ₹ 2,331.2 million in 1QFY21.
- ❑ The company reported operating profit during 1QFY22 at ₹ 1,691 million as against ₹ 966 million during 1QFY21, an increase of 75% YoY. Operating profit as a ratio of average assets under management rose from 21 basis point in 1QFY21 to 28 basis point in 1QFY22. The profit after Tax during 1QFY22 stood at ₹ 1,815 million as against ₹ 1,563 million during 1QFY21, an increase of 16% YoY.
- ❑ The company has one of the largest retail assets in the Industry, at ₹ 696 billion. Retail assets contributed 28% to the AUM. The company has good presence in B30 cities with AUM of ₹ 472 billion contributing 19% of MF's AUM as compared to industry average of 16%.
- ❑ Nippon India Digital Innovation Fund has committed funds of \$100 million, and has initiated investment activities. As of June 2021, Nippon India AIF raised commitments of ₹ 38 billion across all funds. The company witnessed a 28% YoY jump in digital purchases with new digital SIP purchases growing by 34% on a YoY basis. Digital contribution-to-total NIMF purchase transactions stands at 58% in 1QFY22.

- ❑ Alkem Laboratories is one of India's foremost global pharmaceutical company. The Company is engaged in the development, manufacture and marketing of pharmaceuticals with operational footprints across 40+ countries. In India, it has a formidable presence in several therapy segments and consistently features amongst the top ten pharmaceutical companies.
- ❑ Alkem's business in Q1 FY22 grew a robust 65.3% y/y to Rs19.09bn. Sequentially, too, recovery has been significant (up 29.6%). The healthy growth in its acute business drove the revenue. The chronic category saw good growth, with therapies such as cardiac/ diabetes seeing an upswing. Trade generics growth was unhampered. The company aims at doubling revenues from its chronic therapies in the next 3-4 years.
- ❑ The US business slipped 9.3% to Rs6.04bn mainly due to the loss of market share and price erosion. The company filed two ANDA and received five approvals from the US FDA in the quarter.
- ❑ Double-digit launches are expected in FY22 however loss of market share and price erosion cut US growth. Alkem launched gDuexis in the US, it has six months exclusivity for this product. A couple of more such products will be launched in FY22-23.
- ❑ Sales of the RoW market grew 56.4% y/y to Rs1.86bn. Alkem will continue to focus on key regions, which would boost growth.



- ❑ Vinati Organics Limited has continued to excel in delivering specialty chemicals products for diverse industries. In the process, it is today a leading global manufacturing company of specialty chemicals for some of the largest companies in the world. The company is a niche chemicals manufacturer, working with new processes to develop products at cost effective rates and expanding its market presence. It is today the largest producer of Iso Butyl Benzene and ATBS in the world with a dominant market share.
- ❑ To forward integrate, Vinati's Board approved the amalgamation of Veeral Additives Pvt. Ltd. with Vinati Organics. On this acquisition, butyl phenols will be the key raw materials to manufacture antioxidants. Vinati will be the largest and only integrated manufacturer of such antioxidants in India. With the acquisition, Vinati will be adding a new revenue stream, specialty chemicals, which have good growth potential domestically and globally. Growth would be driven by greater consumption of various plastics such as LDPE, LLDPE and PP, etc. Of the available 40,000 tonnes of butyl phenol capacity, ~45% will be used to manufacture antioxidants. The scheme of amalgamation is subject to approval by shareholders and the NCLT. The company expects to receive all approvals by Jan'22 and revenue contribution would start from Q1FY23.
- ❑ Revenue grew 67% y/y, 38% q/q, to Rs.3.8bn due to strong demand for ATBS. The company has had the highest revenue in Q1. Realisations in and demand for ATBS has picked up from Dec'20 and have been returning to pre-Covid levels from Jan'21. The gross margin was 45%, down sharp 1,874bps y/y, 1,458bps q/q, due to higher acrylonitrile, phenol and other raw material prices. The EBITDA margin contracted 1,569bps y/y, 916bps q/q, to 26.3%, the lowest since Q3FY15 due to a lower gross margin and higher operating expenses. Despite strong revenue growth in Q1, the EBITDA improved just 4.5% y/y, 2.4% q/q, to Rs1bn, due to the lower gross margin.
- ❑ The company has guided to ~Rs3bn capex in the next 2-3 years. Out of which ~Rs2bn for new products, ~Rs0.5bn-0.7bn on Veeral additives and Further capex to expand ATBS or other capacity. The company has enough land (~25 acres) for expansions.

- ❑ Heidelberg Cement entered India in 2006 and has consistently pursued its strategy of growth in developing markets. The Group acquired majority stakes in Mysore Cements and Cochin Cements, as well as the Indorama Cement joint venture, which was converted to a full acquisition in 2008. Following the merger with Indorama Cement, Mysore Cements was renamed HeidelbergCement India Ltd. (HCIL) in 2009. The existing HCIL facilities in Central India were expanded as part of a brownfield project, increasing its capacity from 2 million tonnes per year to 5 million tonnes in 2013.
- ❑ With the acquisition of Italcementi in the second half of 2016, the Group has more than doubled its installed capacity making it one of the top 10 players in India. The enlarged India footprint now covers 12 States served by 4 Integrated Cement plants, 4 Grinding Units and a Terminal, having installed capacity of 12.6 Million Tonnes. Its manufacturing locations are at Damoh (State of Madhya Pradesh), Yerraguntla (State of Andhra Pradesh), Sitapuram (State of Telangana), Ammasandra (State of Karnataka), Jhansi (State of Uttar Pradesh), Sholapur (State of Maharashtra), Chennai (State of Tamil Nadu), and Cochin (State of Kerala).
- ❑ This has enabled the Group to improve its product offerings over a wider geographic area. The products from its manufacturing units are sold under the brand names “Mycem” and “Zuari”.
- ❑ On the low base, the company’s Q1 FY22 sales volumes grew 38% y/y to 1.18m tons, leading to revenue growing 36.8% y/y to Rs5.6bn. Q/q, however, volumes declined 5.4% as the Covid-19 second wave curbed demand and the kiln was shut down for 18-20 days in Jun’21.
- ❑ Despite the conveyor-belt replacement, volumes grew 38% y/y. Realisation/ton, however, slipped 1% y/y on the rise in sales of other regional players and in sales to distant new market. Capacity utilisation contracted to 74% as the company added 1m-ton capacity in Mar’21. Realisations declined owing to more dumping (at Rs80-90/bag cheaper) by other regional operators and sales in distant new markets.
- ❑ Higher fuel prices and packaging costs hurt operating performance. EBITDA/ton declined 11.2% y/y to Rs.1,077. The lower proportion of petcoke (35%; 54% in Q4 FY21), reduced share of road transportation in the freight mix, rising share of renewable energy (5MW solar power in Damoh and AFR) and more sales of premium cement will help.

- ❑ NOCIL's involvement in the Rubber chemicals business spans over 4 decades. It is one of the few players in this business to offer wide range of rubber chemicals to suit the customer needs. Due to its rich experience and offering a one stop shop to customers, NOCIL is today acknowledged as a dependable supplier of rubber chemicals. Globally it is recognised for its technical capabilities and on this aspect alone, NOCIL enjoys an edge over other players in this business.
- ❑ NOCIL today is the Largest Rubber Chemicals Manufacturer in India with the State of the Art Technology for the manufacture of rubber chemicals. Its brands PILFLEX® Antidegradants, PILNOX® Antioxidants, PILCURE® Accelerators, Post Vulcanization Stabilizer and PILGARD® Pre Vulcanization Inhibitor are well recognised in both domestic as well as international markets.
- ❑ The growth drivers are positive guidance by global and domestic tyre manufacturers, rising rubber consumption, shifting of supply from China to India, higher exports and better demand globally. Further, the ongoing expansion will help the company address growing demand and improve its market share. It is aiming at an 8-10% market share globally.
- ❑ Lower volumes (down 13% q/q) counterbalanced the strong realisations (up 20% q/q) leading to a modest 7% sequential revenue growth. The Covid-19 second-wave-related restrictions shut down plants of a few customers, leading to lower volumes. On the benefits of price hikes in Jan'21 and Apr'21 and an improved cost structure, the gross and EBITDA margins rose 526bps and 506bps respectively, to 49.4% and 21.3%.
- ❑ Management guided to its global market-share rising to ~8% in the next 2-3 years as Nocil is a key non-Chinese manufacturer with operations across the entire range of rubber chemicals. It has recently expanded manufacturing capacity. It expects to address the increasing demand and increase market-share, domestically and in exports with available capacity and cost competitiveness.

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