NOCIL LIMITED

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ARVIND MAFATLAL GROUP
The ethics of excellence

Date: 6th June, 2024

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 30th May, 2024 regarding discussion on the Operational and financial performance of the Company for the quarter and year ended 31st March, 2024 is enclosed herewith.

This intimation is also being made available on the Company's website viz., https://www.nocil.com/overview/#investor_presentation .

This is for your information and record.

Thanking you,

Yours faithfully,
For NOCIL Limited

AMIT KUNDAN VYAS
Digitally signed by AMIT KUNDAN VYAS
Date: 2024.06.06 16:06:09 +05'30'

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

"NOCIL Limited Q4 FY24 Earnings Conference Call"

May 30, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th May 2024 will prevail.

MANAGEMENT: MR. V. S. ANAND – MANAGING DIRECTOR, NOCIL LIMITED
MR. P. SRINIVASAN – CHIEF FINANCIAL OFFICER, NOCIL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the NOCIL Limited Q4 FY24 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 date of this call. These statements are not guarantee of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. V. S. Anand – Managing Director of NOCIL Limited. Thank you, and over to you, sir.

V. S. Anand: Thank you. Good morning and a very warm welcome to everyone present on the call. Along with me, I have Mr. P Srinivasan – our Chief Financial Officer and SGA, our Investor Relations Advisors.

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 website.

To start with, let me provide an overview of the Company's performance for quarter four Financial Year '24. During this period, revenue from operations amounted to Rs. 356 crores, representing a 5% growth sequentially. However, it's important to note that volume showed an impressive 12% increase in Q4 Financial Year '24 compared to the preceding quarter. The domestic market continues to stay robust. However, there remains the challenge of aggressive dumping from China and other markets. This has resulted in muted volume growth from the domestic market. We are maintaining a balanced approach by judiciously managing both price and volume to navigate these pressures. As indicated in our previous calls, our strategic initiatives and engagement with global strategic customers has started gaining traction. For Financial Year '24, we have recorded a year-on-year volume growth of 9% in our export segment, despite the challenges posed by geopolitical tensions and fluctuating raw material prices. We are hopeful of building on this growth trajectory going forward.

Commenting on the industry, let's take a look at that:

As per the market reports, the Indian tyre industry is expected to grow in the mid-single digits in the current financial year on the back of a stable growth in the replacement segment and growing segment for OEMs in the passenger vehicle and two-wheeler segments. The replacement market in the commercial vehicle sector is also expected to be on a positive trend with increasing infrastructure initiatives resuming post the elections. Tyre exports have remained subdued since June 2022 and are expected to witness modest growth in the near term due to muted demand growth in key destinations such as US and Europe. We expect to see robust growth in the non-tyre sector on account of penetrated market presence in key subsectors like tyre retrading and auto components. The increase in radialization of commercial vehicles and focus on sustainable tyres augurs well for the tyre retrading sector.

As part of our strategic roadmap to continue to expand our market presence, all of you will be aware of our board approval for Rs. 250 crore investment at our Dahej site for further expansion of our rubber chemical capacities. We have begun work on the same. Sustainability remains at the core of our business strategy. We have implemented several green initiatives including the installation of solar panels at both our plants, sourcing of green energy and cogeneration which is expected to reduce our carbon footprint.

I would also like to take this opportunity to thank our dedicated employees for their relentless efforts, hard work and commitment. I also extend my gratitude to our customers, partners and stakeholders for their continued trust and support. Looking ahead, we have a clear roadmap for sustained growth. We remain optimistic about the future, underpinned by strong market fundamentals and our strategic initiatives.

That is it from my side for now. I will hand over to Mr. P. Srinivasan to give you an update on the financial performance.

P. Srinivasan: Thank you, Mr. Anand and a good morning to everyone. Now let's run through the consolidated Financial Highlights:

Volumes for Q4 FY24 is at 138 on index parameters taking a base of Q1 FY20 at 100. On the revenue parameters, the net revenue from operations for Q4 FY24 stood at Rs. 357 crores from Rs. 341 crores in Q3 FY24, a growth of 5%. Selling price has dropped by 6.5% on a Q-o-Q basis. Volumes for Q4 FY24 have shown a healthy growth of 12% on a Q-o-Q basis. Net revenue from operations for FY24 stood at the whole year at Rs. 1,445 crores as against Rs. 1,617 crores in FY23.

Coming to the operating EBITDA parameters, the operating EBITDA parameters for Q4 FY24 stood at Rs. 45 crores as against Rs. 49 crores in Q3 FY24. EBITDA margin for Q4 FY24 stood at 12.5% as compared to 14.3% in Q3 FY24. Operating EBITDA for FY24 for the whole year stood at Rs. 195 crores as against Rs. 253 crores in FY23. EBITDA margins for FY24 stood at 13.5% as compared to 15.7% in FY23, a drop of 220 basis points.

Coming to the profit before tax parameters:

Profit before tax for Q4 FY24 stood at Rs. 56 crores as compared to Rs. 41 crores in Q3 FY24. PBT for the whole year, FY24 stood at Rs. 180 crores as compared to Rs. 202 crores in FY23. The non-operating other income includes some profit on sale of fixed assets about Rs. 17.5 to Rs. 18 crores. Coming to profit after tax, the PAT as we call for Q4 FY24 stood at Rs. 42 crores as compared to Rs. 30 crores in Q3 FY24. PAT for FY24 stood at Rs. 133 crores as compared to Rs. 149 crores for the whole year FY23.

With this, we would like to open the floor for question and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nirav Zimudia from Anvil Research. Please go ahead.

Nirav Zimudia: I have two questions. Sir, first on the volume growth of 12% which we have clocked in Q4 on a sequential basis. So, if you can just break it down between how much was the growth in the export market and the domestic market, A? And B) was there any growth in the specialty volumes this quarter or the growth predominantly comes from our traditional products, which are accelerators and antioxidants? And C) does this improvement in volumes include the volumes from our existing customers taking higher volumes at their existing locations, or the existing customers taking volumes at the newer plant locations?

P. Srinivasan: So, on the volume parameters, Nirav, both domestic and exports have shown a growth of double digit. In domestic, we are almost the higher single digits and exports a little on the higher side. So, the average showed 12%. On the specialty we are not seeing any significantly. Some improvement is seen in certain products, not significant in volume growth, but some improvement is there as a sequential basis.

V. S. Anand: And coming to your third part on where this growth is coming from, Nirav, this is also from existing customers as well as new customers. So, it's not entirely from existing ones.

Nirav Zimudia: Is it possible to give some sort of understanding here that, let's say, out of this volume growth, predominantly how much of this would be coming from the newer customers or the existing customers taking higher volumes, some sort of understanding over here. So, is the share higher from the newer customers or the share is higher from the existing customers taking higher volumes?

V. S. Anand: So, I would not be able to put my finger on a specific number if I split the growth, but I would say it's kind of more or less uniformly distributed.

Nirav Zimudia: So, second question is, let's say if we see on an indexation level of 100, how is your confidence currently in terms of the additional volumes placing to the customers in terms of our confidence before 8, 12 months and today given the kind of customer interactions and engagements which we have entered over and also in lieu of the current challenging pricing scenario. So, if you can just give your confidence level before 8, 12 months and currently on an indexation of 100, that would be helpful.

V. S. Anand: Yes, so I think clearly confidence levels are compared to 12 months before to now, is I would say more higher on the positive trajectory. In terms of, again, looking ahead for the next 12 months, I think like we just discussed, some of the businesses were just new customers also added just in the last few months, so obviously they will continue to add up along with newer additions coming in the next 9 to 12 months. So, I see the growth trajectory to continue.

Nirav Zimudia: Sir, is it possible to take Q4 FY24 volumes as a base number for FY25 and the volume buildup could happen relatively on a quarter-on-quarter basis where our Q4 volumes now become a base and the volume buildup should start happening over that?

V. S. Anand: Yes, Nirav, should happen over that.

Nirav Zimudia: Sir, last bit from my side before I join back. When we compare FY22 and FY24 in terms of our volumes, and if we exclude those specialty volumes, which have been, I think, showing some degrowth, how much degrowth have happened on those specialty volumes between these two periods? And along with, if you can just help us explain, how much is the growth in the volumes ex of specialty volumes?

P. Srinivasan: Nirav, I would prefer to answer in a different sense. What you're trying to understand is a portion of the specialty which we were discussing in the last few calls about the Latex market, but you are looking at the Latex degrowth per se. You can say if the index was 100 in FY22, today it's probably at around 50, 60. So, there is a 40% degrowth. But what is happening is on the other products, on the other products we have actually started showing signs of growth in other regular products and other specialties as well. So, it gets in a way negated.

Nirav Zimudia: So, do you feel that this specialty volumes could be recouped to some extent in FY25 given some improvement in the Malaysian market which we have observed over last month?

P. Srinivasan: Definitely. We are already seeing some tractions emerging that the bottom most period is over. We have actually started consolidating something and as time goes along, we expect to show some improvements. We cannot expect to recover back to 100. The 60 will go gradually to 65, thereabout something like that.

V. S. Anand: There is at least a mild recovery one can say so I'm sure it's coming back slowly.

Moderator: Thank you. The next question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: So, my first question is the broad idea onto the Company. So, when we look at the last 2 years, we are standing at flattish volumes. And sir when we also look at the EBITDA and gross per kg basis, so we are nearly standing at multi-year lows and there is also a risk of dumping from China, which is going on, which is not expected to subside in the near term also? So, sir, what is our sense like have things bottomed out from here or we see further pain from going ahead from here? And if our outlook is bullish, so what is making us that bullish outlook?

V. S. Anand: Yes, so I think the first part, I see that probably it has bottomed out, that's the sense we get. On the other hand, what is it that keeps us on a positive outlook looking ahead is also the fact that quite a few of our strategic engagements also with customers internationally have kind of, as we said earlier, come to fruition and there is positive traction there. So, that is at least also on the positive trend with the new businesses coming in. And we see that with the margin situation bottoming out, this should hold up in good stead.

Aditya Khetan: Sir, any idea on to the Chinese dumping when we are expecting that to subside or it will continue at least for the next 1 to 2 years?

V. S. Anand: I think it's also a factor of how much the domestic consumption in China picks up and I think until then they're going to be looking at markets to push their products or dump their products and I think it will stay on unless domestic volumes pick up.

Aditya Khetan: Okay, so in this fiscal FY24, we are nearly standing at 65% utilization. So, when this capacity will reach peak utilization and what is the rationale for setting up a new capacity when we are already sitting at nearly 60%-65% only? Any sense like how that capacity will be filled?

V. S. Anand: Yes, so while we have always mentioned that 65% number that you mentioned is an overall number, while at an individual product level, we could be at different stages. So, and some could be at 95 and 100, and then we do the usual de-bottlenecking and stretch it to the maximum possible. And then we start planning for the specific products. So, the product that we are planning or the products that we are planning are more the ones that are already at peak capacity, and we see that we will need to invest for further growth opportunities that we have.

Aditya Khetan: Any breakups are like if we can give in terms of basket, like whether it is PILCURE or PILFLEX, like NS, TBBS, MBT, any sort of a like, you can say so this product is at peak, and this is underutilized currently?

P. Srinivasan: We will communicate this part, Aditya, at the appropriate time, not today.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Centrum Broking Limited. Please go ahead.

Rohit Nagraj: The first question is on volume growth. So, you spelled out the exports volume growth was 9% in FY24 if I'm not wrong. What was the total volume growth in FY24 and if you can split up domestic and exports, I mean exports you have given the number. And what were the primary areas where we have seen this volume growth across different subsegments, just a broader perspective would be helpful. Thank you.

P. Srinivasan: For FY24, the overall volume growth is about 2%. I think the domestic was flattish and export is 9% and I think we have already addressed the question of the other products in exports, the Latex market where this year we have seen some marginal improvement not great from the FY23 numbers, so in that sense the growth is more out of non-Latex rubber chemicals.

Rohit Nagraj: Sure, got that. The second question is, in the recent AGM for one of the Chinese large player, they have indicated that the top three players are further adding capacity in accelerator as well as antioxidants. And we are also going ahead with this Rs. 250 crore expansion. So, how are we looking at the market on a broader basis because obviously there is certainly over capacity in China. And so effectively what markets are we targeting once we do this debottlenecking an expansion. Thank you?

V. S. Anand: So, I think the addition of capacity for Chinese players is not something that's new. I think it's been happening over the years. But our clear value proposition, which our customers see from somebody like a supplier of NOCIL is one is the China de-risking strategy which is China plus one and they're looking at long-term supply reliability. So, for some of the products outside of China, there are very other few players who are really kind of making some of these products. So, there is one positive trend on that side and also when we look at the expansion that also supports it further in terms of being able to support the growth of the customers. So, I think this also will contribute in terms of adding to the growth.

Rohit Nagraj: Sure, fair enough. The third question if I can squeeze in. We have been saying that we would like to diversify into other segments, but again, the expansion is into rubber chemicals only. So, any thought process on this? I mean, you've been saying that it is still in the wraps, we are still working on it, but any timeline that you would like to give that maybe in the next 2 quarters or one year? We'll have something to add on in our product basket and based on which there could be some CAPEX which may happen. Thank you.

V. S. Anand: Yes, so this, like we also mentioned, while our growth plans in the flagship rubber chemical business will continue, it will not be affected in anyway by what we do on the diversification side. That work is also continuing and it's underway. Very difficult to put a finger on will this happen in one quarter, two quarters or three quarters because they're all at different stages of discussions and unless we get some real conformity to this, we will not be able to share and update. So, I'm sure you'll understand but work is underway. I just would like to leave it at that.

Moderator: Thank you. The next question is from the line of Aryan Sharma from B&K Securities. Please go ahead.

Aryan Sharma: About the capacity expansion, I just had one question regarding whether you could segregate the product category in which we are adding more capacities, whether it is more in accelerators or antioxidants or how much is specialty. So, if you could segregate that?

P. Srinivasan: So, what we can communicate here today is it's in the rubber chemical segment, in the existing rubber chemical segment, but we cannot give you the product details for whatever business confidentiality purpose**.** We will disclose the same at an appropriate time in future.

Aryan Sharma: Okay, so we see that the volume on a Y-o-Y basis has increased approximately by 1% as per on index basis on a Y-o-Y basis. And revenues are down by 9% Y-o-Y. So, approximately, the realizations have dropped by 10%. So, my question is, whether you could segregate the realization drop between the pricing pressure from competition? And how much was from the drop in RM prices because what I believe is we pass on the RM price as well to the customers.

P. Srinivasan: Gentlemen, are you referring to the quarter 4 or annual number?

Aryan Sharma: Quarter four only sir.

P. Srinivasan: Okay, so you are looking at a 1% growth. Yes, you are right. I would say we can say it's more or less equal distribution between domestic and exports, not materially wide variations. Yes, there is a price drop is there. We are not disputing that but at the same time there is also a corresponding drop in raw materials also. The value addition part is where we may if you are looking at a path that may impact us in the profitability parameters.

Aryan Sharma: Sir, so guidance about FY25 and FY26, how much we are expecting in revenue and EBITDA margins?

V. S. Anand: Like I mentioned, we see that volume to grow here on.

P. Srinivasan: The base of FY24 has been taken, I think we are going to grow from here. Definitely it will have impact on the pricing. As far as the EBITDA margin is concerned, it is an ongoing thing because we hope this condition stabilizes. We hope that the Chinese domestic parameters also improve. And if once those things start improving, we are seeing some stabilization factor coming in. I think the recession which has extended for two years may taper off as we go along. That's what our belief is.

Aryan Sharma: So, one final question if I can put in. For the expansion part, sir, the previous participants have also mentioned that the Chinese players are adding capacity. But we also are adding capacity. So, currently we already are in an oversupply situation in the rubber chemicals market. So, could you guide me as to how much potential demand you're foreseeing in the future that led to us going for this CAPEX decision?

V. S. Anand: The market growth in terms of the specific products that we're looking at continues to be on a positive trend. And there are markets where we can continue to grow with these products, not only a bit more in the domestic, but also in the international market. So, while like I just answered one of the earlier questions with regard to capacities also being there in China, for most products that has always been the case. But we see that customers would like to also participate with non-Chinese sources and that gives us quite a bit of traction.

Aryan Sharma: That's a final question of why was the other expenses higher this quarter like on a Y-o-Y basis as a percent of sales it is higher by 140 bps. So, like you mentioned in power and fuel cost, the power and fuel cost was supposed to come down. So, power and fuel cost was supposed to come down. So, could you just guide us why other expenses were higher?

V. S. Anand: Other expenses are not high. It's on the lower side, boss.

Aryan Sharma: On a Y-o-Y basis, sir, when we compare with the sales on percentage basis, it is higher by 140, bps.

P. Srinivasan: No, are you looking at it as a percentage of turnover or are you looking at an absolute number? If you look at the standalone number, other expenditures for last year March 23 were Rs. 90 crores. This year, it is Rs. 87.6 crores. So, it's actually showing a reduction.

Aryan Sharma: As a percentage of revenue sir?

P. Srinivasan: As a percentage of revenue because the revenue had a higher pricing parameter last year, so that we know. The revenue parameters are down in selling prices. So, obviously as a percentage of reduced revenue price, it will show a marginal increase in the percentage.

V. S. Anand: But on a per metric ton basis, it has come down.

Moderator: Thank you. The next question is from the line of Nitesh D from Dolat Capital. Please go ahead.

Nilesh D: I'm sorry I joined the call a little late, so I'm sorry if I'm repeating. My question is on the key raw material prices. So, Aniline, if you see the prices have further moved up in the last couple of months and so have MIBK prices. So, do we see this margin pressure persisting in the near term or have we also taken price increases to be able to offset the RM pressure there?

V. S. Anand: Yes, so typically with momentum raw material prices, also the finished goods prices tend to move and it also plays on the supply demand situation. Yes, you're right, Aniline prices did move up. But it's kind of been a bit up and down in the last few weeks due to different macro environment reasons. But we see that with the cost moving up, the prices also can be realized.

Nilesh D: So, given the competition and what you spoke about and even your Chinese competitors mentioning that competition even within the Chinese rubber chemicals industry has been intensifying and there has been pressure on selling prices. So, do we see any fundamental or structural change to the sustainable spreads? I mean, is it going to settle lower than where it used to be historically? How do you see this shaping up?

V. S. Anand: Yes, so this was something one of the earlier questions, and we get the sense that it's kind of bottomed out and should not go further below this.

Nilesh D: Should not move further down, but coming back to the normal spreads that we used to do historically, do you see that happening in the near term or is it likely to sustain maybe at these levels only?

V. S. Anand: The possibility is there to come back to the normalcy.

Nilesh D: Alright, and just one more question. So, on the other income in Q4, so that's at Rs. 25 crores, which appears significantly higher. So, what does it pertain to?

P. Srinivasan: I think we explained in the investor presentation that it includes a component of Rs. 18 crores from a profit on sale of fixed assets.

Moderator: Thank you. The next question is from the line of Parth Mehta from Vallum Capital. Please go ahead.

Parth Mehta: Just a bookkeeping question. What is the contribution from exports in Q4, and what will be for the same quarter last year?

V. S. Anand: Was it contribution of exports to the overall?

Parth Mehta: Yes.

V. S. Anand: Around 30% to 32%.

Parth Mehta: And for the same quarter last year?

V. S. Anand: For the last year, I think at least for the year-on-year, for the full year I would say maybe 1% would have been lower in the previous year.

Parth Mehta: Okay, so around last year same quarter should be around 30%–31%?

V. S. Anand: No, I'm not talking about the quarter, but I was referring to the full year as a percentage, Yes.

Parth Mehta: Okay, If it is possible to give for the quarter, that would be fine.

P. Srinivasan: Yes, it's about 33% for the quarter, 33%, 34%.

Moderator: Thank you. The next question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Sir, the existing capacity, sir, when it is expected to reach peak utilization levels? If any guidance sir, we can give?

V. S. Anand: We did have in the past a certain timeline, but I think given the uncertain external environment while we see the ramp up to happen quarter-to-quarter, it is difficult to put a finger on a specific timeline, Aditya.

Aditya Khetan: So, sir, on to the export market. Sir, when we are hearing commentaries from other chemical players, so they are indicating that the exports market is still weak. And Europe and US, so materially there has been not an uptake. But sir, but our volumes, like it is showing a good growth into the exports market. So, what is driving our growth?

V. S. Anand: Yes, so like I mentioned a little while earlier, you're right about the overall environment not being that conducive, but still with the work that's gone on in the last few months in terms of engagement with our strategy customers, these are showing results and that's what we see is gaining traction.

Aditya Khetan: And so this new capacity expansion which we have outlined, so when this is expected to get commercialized?

P. Srinivasan: We actually we have said in 2.5 years we'll be commissioning it and it depends on the approvals post thereafter from the customers. While we expect our endeavor is to complete faster, so maybe in FY26-27 some part of the last second half or later half something like that you can expect to start commercial activity from the same.

Adity Khetan: Apart from the existing business, is there any new expansion into new chemistries onto the pipeline right now, which we might take up in the next 2 to 3 years?

V. S. Anand: Yes, yes, we're looking at it, again, alluding to the earlier question versus under progress on that front, Aditya.

Moderator: Thank you. The next question is from the line of Nirav Zimudia from Anvil Research. Please go ahead.

Nirav Zimudia: So, my question is on the operating leverage which we have achieved in Q4 of FY24. So, if we see on a per kg basis, our gross margins would have fallen, but some portion of those loss gross margins were also recouped in terms of the benefits of operating leverage. One was visible in the employee cost. So, apart from the employee cost, where was the benefit coming from? So, it was predominantly from the power side where our power cost has come down, or was it because of some other factors because of which we have seen the conversion cost on a per kg basis coming down?

V. S. Anand: You may recall also, Nirav, in one of the last calls we were talking about operational excellence initiatives in manufacturing and this is coming from our utilities, benefits that we have looked at efficiencies and areas to improve. So, that is actually showing up in the other expenses coming now.

Nirav Zimudia: So, sir, if we see our utility cost at the start of the year, probably when we started this financial year and how we ended this financial year, how much of the utility cost would have come down in some percentage terms, if you can just highlight on?

V. S. Anand: So, while then it's a combination of also certain price benefits on the utility per unit basis, but also efficiency measures coming in, I would say roughly around 15% to 20%.

Nirav Zimudia: Sir, is our power cost also contains some portion of fixed component also whereby when we will start ramping up the volumes that cost would remain fixed at that point of time and the operating leverage benefit could accrue towards that portion of fixed power cost also?

V. S. Anand: There is expected to be benefit because we are also working on power core generation and so that's also going to add to it as we keep increasing our volumes.

Nirav Zimudia: Last from my side is on the freight cost. I think what we have seen over last few weeks and months is that the freight cost has gone up substantially. Even the containers shortages have been prevalent. So, is it affecting us or whether our contracts are built up in lieu of those increased freight costs where it won't impact our contribution margins? Some sort of thought process on the same would be helpful.

V. S. Anand: Also, I think it's not very significant, and we've also been able to discuss with customers on how this can be mitigated. So, that's also kind of played in. We don't see any significant impact on account of that.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Centrum Broking Limited. Please go ahead.

Rohit Nagraj: My question is on the industry front in terms of the molecules that are being used in accelerators or antioxidants. So, correct me if I'm wrong. These molecules have been in the industry since past maybe 50, 60 years. So, have there not been any new molecules which have been developed by the industry over the last few years or are there any areas where such an R&D is going on to replace the existing kind of molecules with maybe better characteristic molecules? Just your broader thought process on this. Thank you.

V. S. Anand: Yes, thanks Rohit. Yes, you're absolutely right. I think some of these molecules are there for the last 50 to 60 years. I think partially we can also say that these have been real strong work offers that it's also been very challenging to get better ones than this from a performance point of view. There have been those small tweaks over the years in terms of restricted substances where you've got changes in the molecules that have happened, but not fundamental changes. And also the other part on account of that is that you've got, it's a lot of safety related and a lot of testing and years of application testing before any molecule or product sees light of the day and then the ramp up on production capacity. So, it's a pretty long roadway which is also I think one of the other contributing factors. But there is scope coming to the latter part of what you said. There is scope in terms of spaces of innovation. We are working on those spaces where we can add value to our customers. But it has its own runway, like I just mentioned, about testing, application, safety, and I think it's all related to safety, so everybody wants to be very sure.

Rohit Nagraj: Thanks. So, the second question is in terms of the operational efficiencies through improvement in processes. So, generally speaking, it's an ongoing exercise. But given that we have been doing it since a fairly long time, most of the benefits are now in place. And incrementally, there will be only marginal benefits which will come from any such piece. So, just your perspective on this?

V. S. Anand: I think we have over the years, like you said, I wouldn't put my finger and say that there will only be marginal impact from here on because we continue to keep working on it. And I'm always positive that we will find more and more areas in that space. So, I'd never say that we have reached a certain plateau.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. V. S. Anand for closing comments.

V. S. Anand: Thank you very much. And thank you for all your questions. So, I take this opportunity to thank everyone for taking your valuable time to join this call. I hope we've been able to address all your queries. For any further information, kindly get in touch with me or strategic growth advisors our investor relation advisors. Thank you once again and have a nice day.

Moderator: On behalf of NOCIL Ltd, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.