

September 2, 2010

**CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF  
NOCIL LIMITED**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	180.00	<b>'CARE A' (Single A)</b>	Revised from CARE A- [Single A Minus]
Short-term Bank Facilities	25.00	<b>'PR2+' (PR Two Plus)</b>	Revised from PR2 [PR Two]
Long-term/ Short-term Facilities	15.00	<b>'CARE A/ PR2+' (Single A/ PR Two Plus)</b>	Assigned
<b>Total Facilities</b>	<b>220.00</b>		

**Rating Rationale**

The revision in the rating takes into account the improved profitability and business scenario of NOCIL in the last two years, significant improvement in liquidity and debt-servicing indicators, reduced exposure to group companies and the recovery of the major end-user sector, the tyre industry. The ratings continue to derive strength from NOCIL's leadership position in the domestic Rubber Chemicals (RC) industry, experienced in-house 'Research and Development' team, the long-established relationship with leading domestic as well as global tyre manufacturers and anti-dumping duty on RC imports from China and Korea, which has improved domestic competitive scenario for NOCIL.

The ratings are, however, constrained by execution risk associated with the expansion project and consequent expected increase in gearing levels, financial restructuring of NOCIL and group companies in the past and volatility in profitability margins owing to the raw material price fluctuations and cyclical nature of the tyre industry.

NOCIL's ability to sustain the healthy liquidity position during project execution, growth & profitability margins amidst increasing competition in the cyclical industry and arrange for the financial tie-up for the project as envisaged, are the key rating sensitivities.

**Company Profile**

Promoted by Arvind Mafatlal Group (AMG), NOCIL is engaged in the manufacturing of Rubber Chemicals (RC) and enjoys a leadership position in the domestic market. Its product profile includes antidegradants, antioxidants, accelerators and other chemicals used in the vulcanisation process to impart various physical and chemical properties to rubber. NOCIL

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

has proposed rubber chemicals expansion project at Dahej with total outlay of Rs.247 crore which would be financed through a debt of Rs.150 crore and the rest through internal accruals.

On a total income of Rs.441 crore, NOCIL earned a PAT of Rs.34 crore in FY10.

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