

February 7, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	REDUCE		REDUCE	
Target Price	209		226	
Sales (Rs. m)	15,136	16,755	15,861	17,395
% Chng.	(4.6)	(3.7)		
EBITDA (Rs. m)	1,749	1,980	1,853	2,107
% Chng.	(5.6)	(6.0)		
EPS (Rs.)	6.8	7.7	7.3	8.3
% Chng.	(6.2)	(6.7)		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	14,447	13,999	15,136	16,755
EBITDA (Rs. m)	1,950	1,326	1,749	1,980
Margin (%)	13.5	9.5	11.6	11.8
PAT (Rs. m)	1,330	977	1,140	1,286
EPS (Rs.)	8.0	5.9	6.8	7.7
Gr. (%)	(10.8)	(26.5)	16.7	12.9
DPS (Rs.)	3.0	3.0	3.0	3.0
Yield (%)	1.3	1.3	1.3	1.3
RoE (%)	8.2	5.8	6.7	7.2
RoCE (%)	8.8	4.6	6.8	7.6
EV/Sales (x)	2.3	2.4	2.2	2.0
EV/EBITDA (x)	17.1	25.3	19.1	16.8
PE (x)	28.0	38.1	32.6	28.9
P/BV (x)	2.2	2.2	2.1	2.0

Key Data

NOCI.BO | NOCIL IN

52-W High / Low	Rs.336 / Rs.215
Sensex / Nifty	77,860 / 23,560
Market Cap	Rs.37bn / \$ 426m
Shares Outstanding	167m
3M Avg. Daily Value	Rs.94.08m

Shareholding Pattern (%)

Promoter's	33.78
Foreign	7.81
Domestic Institution	5.93
Public & Others	52.49
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(9.7)	(25.8)	(19.9)
Relative	(9.3)	(24.2)	(25.8)

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Near-term headwinds to persist

Quick Pointers:

- Competition from China, Korea and EU to continue to impact prices & volumes, which remains a key concern
- Overall capacity utilization at 65%; utilization varies across products

NOCIL reported revenue of Rs3.2bn (PLe: Rs3.7bn, Consensus: Rs3.6bn), marking a sequential decline of 12.3%. The topline was impacted by a 10% QoQ drop in volumes and lower realizations which were driven by a decline in raw material prices. Based on our estimates, the average realization stood at Rs248/kg, reflecting a YoY decline of 9.1%. While sales volume grew 3% YoY, EBITDA/kg dropped 52% YoY due to higher operating leverage, leading to a 670bps YoY contraction in EBITDAM. Capacity utilization stood at 65%, though usage varied significantly across product lines. To meet rising demand for select rubber chemicals, with plants already operating at high utilization levels, the company is investing Rs2.5bn in capacity expansion. These additional capacities are expected to come online in H2FY27, though peak utilization across the portfolio may take another 1.5 to 2 years. Near-term headwinds are expected to persist. The stock is currently trading at ~29x FY27 EPS. We maintain our 'Reduce' rating with a target price of Rs209, valuing the company at 27x FY27 EPS.

- Volumes decline by 10% QoQ:** Consolidated revenue stood at Rs3.2bn, -6.6% YoY/ -12.3% QoQ (PLe: Rs3.7bn, Consensus: Rs3.6bn). 9MFY25 revenue was Rs10.5bn, down 3.2%. Gross profit margin was 44.5% (vs 46.3% in Q3FY24 and 43.3% in Q2FY25), up 120bps QoQ due to decrease in raw material cost. However, realization decreased sequentially, in line with the decline in raw material cost.
- EBITDAM margin shrinks by 670bps YoY:** EBITDA decreased 50.8% YoY and 36.4% QoQ to Rs240mn (PLe: Rs375mn, Consensus: Rs354mn). EBITDAM decreased to 7.6% (PLe: 10.1%) from 14.3% in Q3FY24 and 10.4% in Q2FY25, due to low operating leverage. Reported PAT at Rs129mn decreased by 57% YoY/ 69.4% QoQ; sequential decrease was higher due to increase in tax rate to 32.4% in Q3FY25 vs -30.3% in Q2FY25. PAT margins were at 4% vs 9% in Q3FY24 & 12% in Q2FY25.
- Concall takeaways:** (1) Volumes degrew 10% QoQ due to lower demand from customers on account of lower production at their end. (2) Demand is likely to pick up next month, but pricing pressure will continue. (3) Competition from China, Korea and EU will continue to impact prices & volumes, which remains a key concern. (4) Domestic replacement and export demand for tires is positive, but demand is soft for OEMs. (5) China accounts for 36% of global rubber consumption; the US, 9%; India, 7.5%; and Japan, 5%. (6) Global supply of rubber is concentrated with China at 80%, EU at 15%, while RoW stands at 5-6%. (7) Utilization for the quarter stood at 65%. (8) Opex increased as production was high, but sales were low, which led to inventory buildup. (9) Volume growth is expected to be 8-10% for FY25, and the management

expects the same rate to continue in FY26. **(10)** Anti-dumping investigation initiated for a couple of products, is likely to be completed in the next 9-12 months. **(11)** The company is looking at inorganic growth as well as organic growth opportunities; the company holds ~Rs550cr of investments and cash. **(12)** Enquiries from the US are increasing with new tariffs announced against China.

Exhibit 1: Q3FY25 Result Overview - Consolidated (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	% Var.	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	3,181	3,406	(6.6)	3,702	(14.1)	3,627	(12.3)	10,530	10,882	(3.2)
Gross Profit	1,416	1,576	(10.2)	1,551	(8.7)	1,572	(9.9)	4,535	4,797	(5.5)
Margin (%)	44.5%	46.3%		41.9%		43.3%		43.1%	44.1%	
EBITDA	240	489	(50.8)	375	(36.0)	378	(36.4)	1,029	1,496	(31.2)
Margin (%)	7.6%	14.3%		10.1%		10.4%		9.8%	13.7%	
Other Income	91	58.3		100	(9.2)	84.1	8.0	268	155	
Depreciation	136	135	0.6	139	(2.5)	134	1.6	401	395	1.5
EBIT	195	412	(52.6)	336	(41.8)	329	(40.5)	896	1,256	(28.6)
Interest	5	5	(10.0)	5	-	5	(15.1)	14	12	20.0
PBT before excep	191	407	(53.1)	331	(42.4)	323	(41.0)	882	1,244	(29.1)
Total Tax	62	107	(42.1)	87	(28.5)	-98	(163.1)	61	329	(81.5)
ETR (%)	32.4%	26.3%		26.1%		-30.3%		6.9%	26.5%	
Adj. PAT	129	300	(57.0)	245	(47.3)	421	(69.4)	821	915	(10.2)
Exceptional Items										
PAT	129	300	(57.0)	245	(47.3)	421	(69.4)	821	915	(10.2)

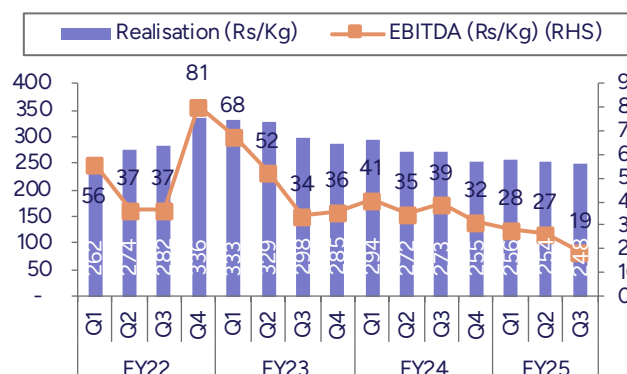
Source: Company, PL

Exhibit 2: Segmental Details (Assumptions)

Y/e March	Q3FY25	Q3FY24	YoY gr. %	Q2FY25	QoQ gr. %	9MFY25	9MFY24	YoY gr. %
Sales Volume (MT) – calculated	12,828	12,486	3%	14,253	-10%	41,625	38,879	7.1%
Avg Realisation (Rs/ kg)	248	273	-9%	254	-3%	253	280	-9.6%
Gross Profit (Rs / kg)	110	126	-13%	110	0%	109	123	-11.6%
EBITDA (Rs / kg)	19	39	-52%	27	-29%	24	38	-36.3%

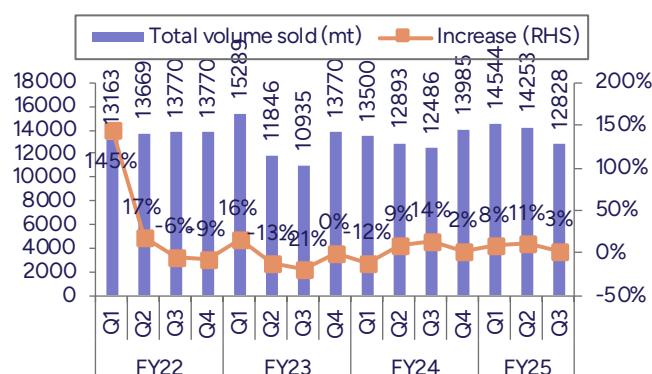
Source: Company, PL

Exhibit 3: Average realization at Rs248/kg in Q3FY25



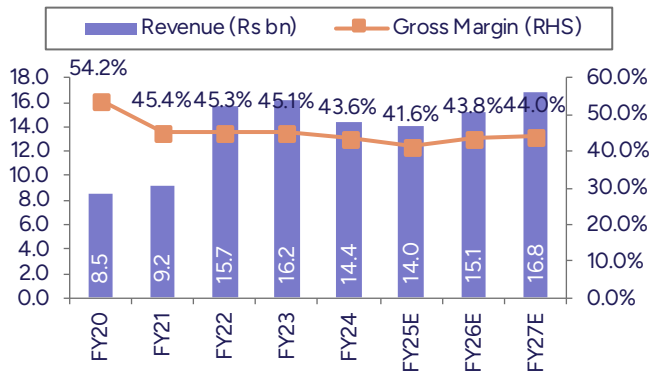
Source: Company, PL

Exhibit 4: Volumes improved 3% YoY in Q3FY25



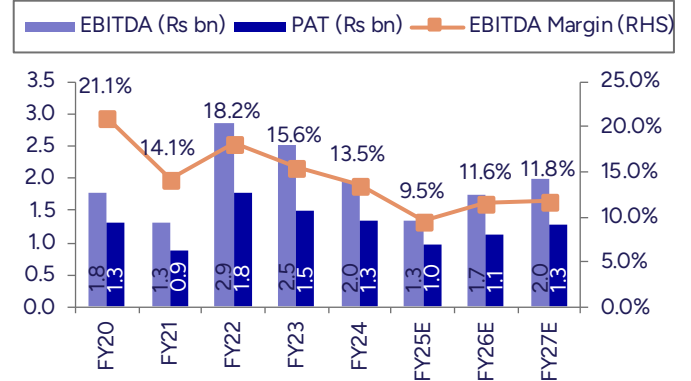
Source: Company, PL

Exhibit 5: Rev to grow at 5% CAGR in FY24-27E led by vol



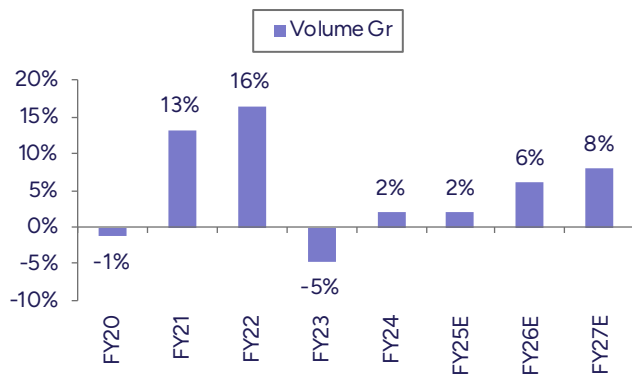
Source: Company, PL

Exhibit 6: Margins to hover around 12%



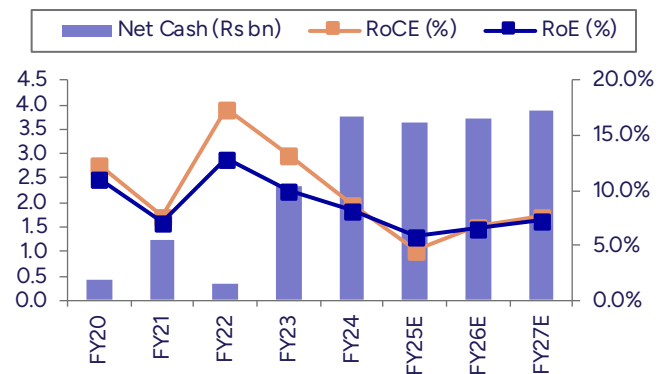
Source: Company, PL

Exhibit 7: Volumes to grow 8% in FY27



Source: Company, PL

Exhibit 8: Net cash BS with improving ratios



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	14,447	13,999	15,136	16,755
YoY gr. (%)	(10.6)	(3.1)	8.1	10.7
Cost of Goods Sold	8,151	8,174	8,504	9,377
Gross Profit	6,296	5,825	6,632	7,378
Margin (%)	43.6	41.6	43.8	44.0
Employee Cost	921	999	1,099	1,209
Other Expenses	3,425	3,500	3,784	4,189
EBITDA	1,950	1,326	1,749	1,980
YoY gr. (%)	(22.8)	(32.0)	31.9	13.3
Margin (%)	13.5	9.5	11.6	11.8
Depreciation and Amortization	528	557	591	624
EBIT	1,423	769	1,158	1,356
Margin (%)	9.8	5.5	7.7	8.1
Net Interest	16	19	18	18
Other Income	394	360	400	400
Profit Before Tax	1,800	1,110	1,540	1,738
Margin (%)	12.5	7.9	10.2	10.4
Total Tax	470	133	400	452
Effective tax rate (%)	26.1	12.0	26.0	26.0
Profit after tax	1,330	977	1,140	1,286
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,330	977	1,140	1,286
YoY gr. (%)	(10.8)	(26.6)	16.7	12.9
Margin (%)	9.2	7.0	7.5	7.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,330	977	1,140	1,286
YoY gr. (%)	(10.8)	(26.6)	16.7	12.9
Margin (%)	9.2	7.0	7.5	7.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,330	977	1,140	1,286
Equity Shares O/s (m)	167	167	167	167
EPS (Rs)	8.0	5.9	6.8	7.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	12,874	13,674	14,474	15,274
Tangibles	12,755	13,555	14,355	15,155
Intangibles	120	120	120	120
Acc: Dep / Amortization	4,180	4,737	5,328	5,952
Tangibles	4,093	4,650	5,240	5,865
Intangibles	88	88	88	88
Net fixed assets	8,694	8,937	9,146	9,322
Tangibles	8,662	8,905	9,114	9,290
Intangibles	32	32	32	32
Capital Work In Progress	162	162	162	162
Goodwill	-	-	-	-
Non-Current Investments	1,462	1,456	1,456	1,456
Net Deferred tax assets	(1,249)	(1,249)	(1,249)	(1,249)
Other Non-Current Assets	76	76	76	76
Current Assets				
Investments	2,808	2,808	2,808	2,808
Inventories	2,228	2,487	2,689	2,976
Trade receivables	3,402	3,296	3,564	3,945
Cash & Bank Balance	955	828	932	1,078
Other Current Assets	275	134	144	160
Total Assets	20,152	20,194	20,989	21,997
Equity				
Equity Share Capital	1,667	1,666	1,666	1,666
Other Equity	15,319	15,104	15,744	16,531
Total Networth	16,986	16,770	17,410	18,196
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	152	152	152	152
Other non current liabilities	109	109	109	109
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,181	1,534	1,659	1,836
Other current liabilities	476	380	411	455
Total Equity & Liabilities	20,152	20,194	20,989	21,997

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	1,800	1,110	1,540	1,738
Add. Depreciation	528	557	591	624
Add. Interest	16	19	18	18
Less Financial Other Income	394	360	400	400
Add. Other	(414)	(360)	(400)	(400)
Op. profit before WC changes	1,930	1,326	1,749	1,980
Net Changes-WC	481	(366)	(329)	(469)
Direct tax	(402)	(134)	(397)	(447)
Net cash from Op. activities	2,009	826	1,022	1,064
Capital expenditures	(169)	(800)	(800)	(800)
Interest / Dividend Income	122	360	400	400
Others	(727)	5	-	-
Net Cash from Invst. activities	(774)	(435)	(400)	(400)
Issue of share cap. / premium	1	(1)	-	-
Debt changes	-	-	-	-
Dividend paid	(501)	(500)	(500)	(500)
Interest paid	(16)	(19)	(18)	(18)
Others	(37)	-	-	-
Net cash from Fin. activities	(553)	(520)	(518)	(518)
Net change in cash	683	(128)	104	146
Free Cash Flow	1,655	26	222	264

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	8.0	5.9	6.8	7.7
CEPS	11.1	9.2	10.4	11.5
BVPS	101.9	100.7	104.5	109.2
FCF	9.9	0.2	1.3	1.6
DPS	3.0	3.0	3.0	3.0
Return Ratio(%)				
RoCE	8.8	4.6	6.8	7.6
ROIC	8.0	5.1	6.4	7.2
RoE	8.2	5.8	6.7	7.2
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	112	111	111	111
Valuation(x)				
PER	28.0	38.1	32.6	28.9
P/B	2.2	2.2	2.1	2.0
P/CEPS	20.0	24.3	21.5	19.5
EV/EBITDA	17.1	25.3	19.1	16.8
EV/Sales	2.3	2.4	2.2	2.0
Dividend Yield (%)	1.3	1.3	1.3	1.3

Source: Company Data, PL Research

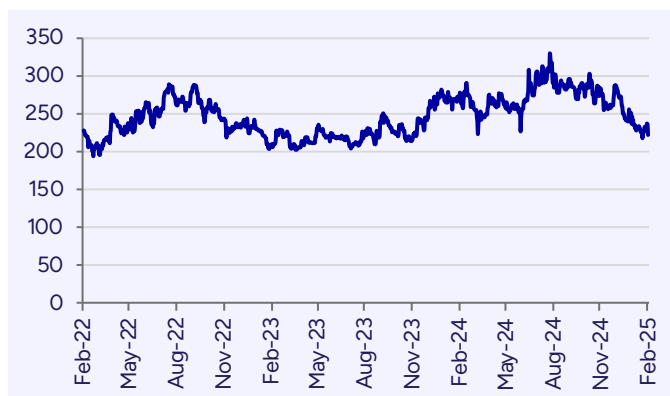
Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	3,565	3,722	3,627	3,181
YoY gr. (%)	(9.2)	(6.2)	3.4	(6.6)
Raw Material Expenses	2,065	2,175	2,055	1,765
Gross Profit	1,500	1,547	1,572	1,416
Margin (%)	42.1	41.6	43.3	44.5
EBITDA	446	411	378	240
YoY gr. (%)	(10.3)	(26.0)	(16.5)	(50.8)
Margin (%)	12.5	11.0	10.4	7.6
Depreciation / Depletion	133	132	134	136
EBIT	313	279	245	105
Margin (%)	8.8	7.5	6.7	3.3
Net Interest	4	5	5	5
Other Income	247	93	84	91
Profit before Tax	556	368	323	191
Margin (%)	15.6	9.9	8.9	6.0
Total Tax	141	97	(98)	62
Effective tax rate (%)	25.3	26.4	(30.3)	32.4
Profit after Tax	415	271	421	129
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	415	271	421	129
YoY gr. (%)	46.7	(21.1)	55.2	(57.0)
Margin (%)	11.7	7.3	11.6	4.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	415	271	421	129
YoY gr. (%)	46.7	(21.1)	55.2	(57.0)
Margin (%)	11.7	7.3	11.6	4.1
Other Comprehensive Income	(222)	778	(290)	156
Total Comprehensive Income	194	1,048	132	285
Avg. Shares O/s (m)	167	167	167	167
EPS (Rs)	2.5	1.6	2.5	0.8

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Reduce	226	247
2	29-Oct-24	Reduce	256	275
3	05-Oct-24	Reduce	270	284
4	09-Aug-24	Reduce	262	303
5	04-Jul-24	Reduce	268	303
6	30-May-24	Reduce	224	260
7	09-Apr-24	Reduce	249	266
8	08-Feb-24	Reduce	254	270

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	411	453
2	Bharat Petroleum Corporation	Hold	286	271
3	Bharti Airtel	Accumulate	1,783	1,599
4	Clean Science and Technology	Hold	1,329	1,385
5	Deepak Nitrite	Reduce	2,295	2,460
6	Fine Organic Industries	BUY	5,199	4,350
7	GAIL (India)	Accumulate	204	180
8	Gujarat Fluorochemicals	Reduce	3,190	3,537
9	Gujarat Gas	Sell	362	508
10	Gujarat State Petronet	Hold	351	359
11	Hindustan Petroleum Corporation	Hold	373	353
12	Indian Oil Corporation	Hold	124	123
13	Indraprastha Gas	Sell	150	192
14	Jubilant Ingrevia	Hold	680	660
15	Laxmi Organic Industries	Hold	237	226
16	Mahanagar Gas	Accumulate	1,412	1,267
17	Mangalore Refinery & Petrochemicals	Accumulate	168	145
18	Navin Fluorine International	Accumulate	4,373	3,908
19	NOCIL	Reduce	226	247
20	Oil & Natural Gas Corporation	BUY	288	249
21	Oil India	BUY	714	465
22	Petronet LNG	Reduce	276	291
23	Reliance Industries	Accumulate	1,472	1,266
24	SRF	Hold	2,698	2,831
25	Vinati Organics	Accumulate	1,934	1,749

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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