

Estimate changes

TP change

Rating change



Bloomberg	NOCIL IN
Equity Shares (m)	167
M.Cap.(INRb)/(USD\$)	30.8 / 0.4
52-Week Range (INR)	336 / 155
1, 6, 12 Rel. Per (%)	-9/-37/-40
12M Avg Val (INR M)	218

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	13.9	15.1	17.2
EBITDA	1.3	1.6	2.1
PAT	1.1	1.1	1.4
EPS (INR)	6.4	6.4	8.5
EPS Gr. (%)	-18.3	-0.8	32.7
BV/Sh.(INR)	105.0	109.4	115.2

Ratios

Net D:E	-0.0	0.0	0.0
RoE (%)	6.3	6.0	7.5
RoCE (%)	6.0	5.6	6.9
Payout (%)	31.0	31.0	31.0

Valuations

P/E (x)	28.6	28.8	21.7
P/BV (x)	1.8	1.7	1.6
EV/EBITDA (x)	22.7	19.3	14.7
Div. Yield (%)	1.1	1.1	1.4
FCF Yield (%)	-3.1	-0.9	1.4

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	33.8	33.8	33.8
DII	5.3	5.9	3.5
FII	8.2	7.8	7.8
Others	52.8	52.5	54.9

FII Includes depository receipts

CMP: INR184

TP: INR170 (-8%)

Neutral

Cautious outlook with muted near-term growth

- NOCIL's EBITDA/kg missed our estimate and stood at INR25.1 in 4QFY25, down 19% YoY. Sales volume declined 4% YoY to 13.4tmt. Realization was flat YoY at INR254.2/kg (INR255.1/kg in 4QFY24) amid persistent pricing pressure from Chinese, Korean and EU players. Hence, EBITDA declined 23% YoY to INR335m, while PAT fell 50% YoY to INR204m. There were certain challenges with respect to the product mix in the quarter, with the specialty portfolio contributing 15% to total revenue.
- Management remains cautious amid ongoing geopolitical uncertainties, particularly in light of intensified pricing pressures from increased dumping by China, Korea, and the EU. Despite this, the Indian tyre industry remains resilient, with a projected CAGR of 4-6%, supported by government infrastructure spending, policy tailwinds, and favorable monsoon forecasts this year. Currently, NOCIL faces no capacity constraints across its product range.
- In FY25, domestic volumes were largely flat, which management attributed to a temporary transition rather than a structural loss of market share. NOCIL expects a rebound in domestic demand, although pricing pressure is likely to persist. Export volumes are expected to grow at a faster clip than domestic, and the company is actively working to improve its per-kg performance through operational efficiencies. Segments like latex showed strong YoY improvement and are expected to continue growing, albeit below the Covid levels.
- Operationally, the company has higher market presence in Asia relative to the EU and US. Utilization levels vary by product, with some operating at optimal capacity and others above 60%. Capex of INR2.5b is progressing as planned, aimed at producing TDQ in the antioxidants portfolio using a greener, advanced process. The expansion is driven by visible demand, and import levels of antioxidants remained steady in 4QFY25, supporting the need for domestic manufacturing scale-up.
- We estimate a CAGR of 11%/26%/15% in revenue/EBITDA/PAT over FY25-27 (primarily due to the lower base in FY25), with NOCIL not being able to surpass its FY23 performance even in FY27. Volumes are likely to report a CAGR of 7% over FY25-27. Downside risks are more than the upside risks in NOCIL at the moment. Due to the underperformance in 4QFY25, we cut our revenue/ EBITDA/ EPS estimates by 4%/ 14%/ 22% for FY26, and by 6%/ 24%/ 31% for FY27. The stock is also trading at ~22x FY27E EPS of INR8.5 and ~15x FY27E EV/EBITDA. Our TP of INR170 is premised on 20x FY27E EPS. **Reiterate Neutral.**

Miss on EBITDA due to higher-than-expected RM costs

- Revenue stood at INR3.4b (-5% YoY). Gross margin was 41.6% (vs. 42.1% in 4QFY24).
- EBITDA was INR335m (est. of INR389m, -23% YoY). **EBITDAM stood at 9.9% (vs. 12.2% in 4QFY24).**

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- PAT came in at INR204m (est. of INR318m, -50% YoY).
- **For FY25**, revenue stood at INR13.9b (-4% YoY), EBITDA was INR1.3b (-29% YoY), and PAT was INR1.1b (-18% YoY).
- EBITDAM came in at 9.6% (-350bp YoY).
- The board declared a final dividend of INR2/share for FY25.

Valuation and view

- NOCIL is expanding its capacities (20% of the current capacity of 110ktpa) in anticipation of a demand uptrend in the near term. The new capacity is expected to come online in FY27. The top three global players are also expanding their capacities. The pickup in China's domestic consumption is expected to play a key role in easing pricing pressure for NOCIL, though we do not anticipate this to happen in the near term. There is currently no timeline for the optimum utilization of its existing facilities.
- The stock is trading at ~22x FY27E EPS of INR8.5 and ~15x FY27E EV/EBITDA. Our TP of INR170 is premised on 20x FY27E EPS. **Reiterate Neutral.**

Standalone - Quarterly Earning Model

												(INR m)
Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Gross Sales	3,967	3,509	3,406	3,565	3,722	3,627	3,181	3,397	14,447	13,927	3,350	1%
YoY Change (%)	-22.1	-9.9	4.6	-9.2	-6.2	3.4	-6.6	-4.7	-10.6	-3.6	-6.0	
Gross Margin (%)	42.7%	43.4%	46.3%	42.1%	41.7%	43.3%	44.4%	41.6%	43.6%	42.7%	47.8%	-6.2%
EBITDA	547	445	477	434	398	371	238	335	1,903	1,342	389	-14%
Margin (%)	13.8	12.7	14.0	12.2	10.7	10.2	7.5	9.9	13.2	9.6	11.6	-1.8
Depreciation	126	127	132	130	128	130	132	132	515	523	137	
Interest	4	3	5	4	5	5	4	4	16	18	4	
Other Income	44	45	61	249	100	88	148	54	399	389	176	
PBT before EO expense	461	360	402	549	364	324	249	254	1,771	1,191	425	-40%
PBT	461	360	402	549	364	324	249	254	1,771	1,191	425	-40%
Tax	125	91	104	138	92	-91	64	50	458	115	107	
Rate (%)	27.2	25.3	25.9	25.1	25.3	-28.0	25.7	19.7	25.8	9.7	25.2	
Reported PAT	336	269	298	411	272	415	185	204	1,314	1,076	318	-36%
Adj PAT	336	269	298	411	272	415	185	204	1,314	1,076	318	-36%
YoY Change (%)	-48.8	-25.2	58.7	44.9	-18.9	54.3	-37.8	-50.4	-11.7	-18.1	-22.7	
Margin (%)	8.5	7.7	8.7	11.5	7.3	11.4	5.8	6.0	9.1	7.7	9.5	-3.5
Operational parameters												
Total Volume Sold (tmt)	13.5	12.9	12.5	14.0	14.6	14.3	12.9	13.4	52.8	39.3	13.7	-2%
Implied Realization (INR/kg)	294.6	272.9	273.5	255.1	255.3	254.1	247.4	254.2	273.9	354.5	245.0	4%
EBITDA (INR/kg)	40.6	34.6	38.3	31.1	27.3	26.0	18.5	25.1	36.1	34.2	28.5	-12%

Exhibit 1: One year forward P/E

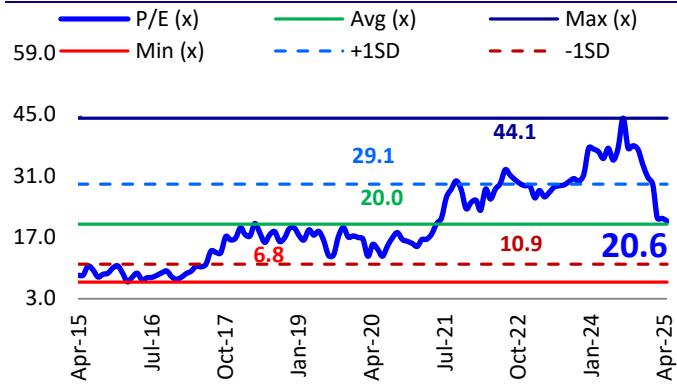
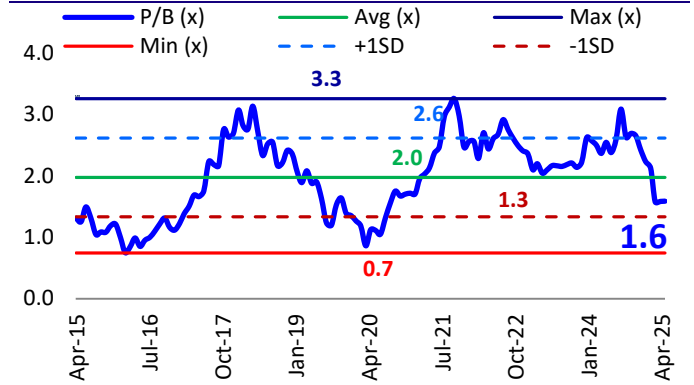


Exhibit 2: One year forward P/B



Story in charts – 4QFY25

Exhibit 3: Sales volume down 4% YoY

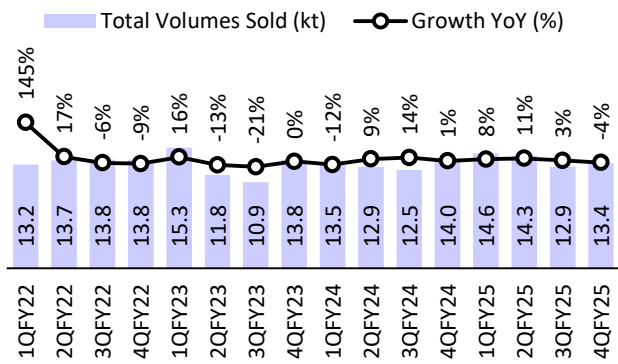


Exhibit 4: EBITDA/kg was INR25.1 in 4Q

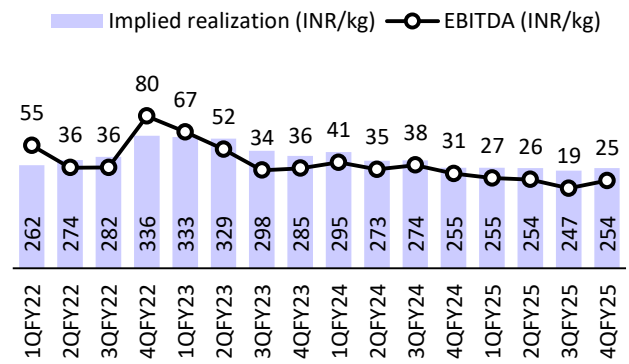


Exhibit 5: Sales down 5% YoY, realization at INR254.2/kg

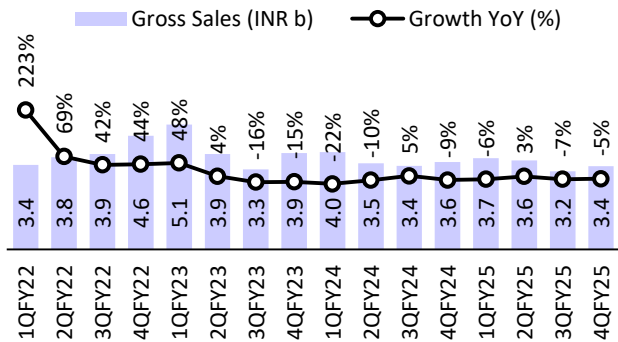


Exhibit 6: Gross margin at 41.6% with EBITDAM at 9.9%

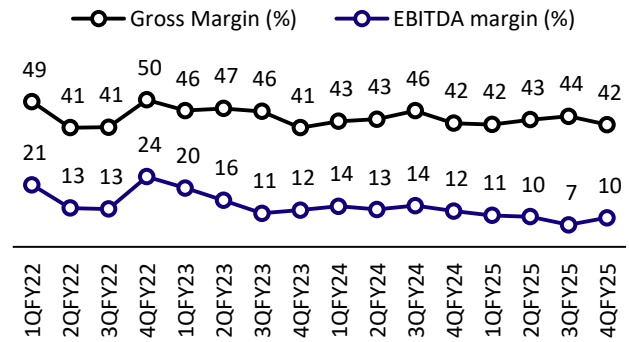


Exhibit 7: EBITDA down 23% YoY to INR335m

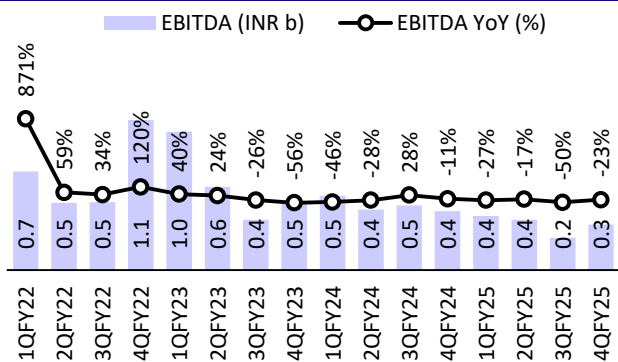
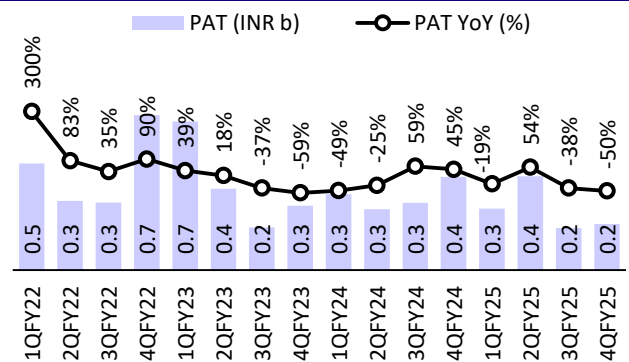


Exhibit 8: PAT down 50% YoY to INR204m



Source: Company, MOFSL

Source: Company, MOFSL



Earnings concall highlights

- Management is cautious amid the current geopolitical uncertainty.
- Pricing pressure being faced because of dumping from China, Korea and EU.
- Indian tyre industry outlook remains healthy with a 4-6% CAGR.
- Replacement demand supported by increased government spending and other favorable policies.
- Favorable monsoon forecast will support demand in the near term in the domestic market.
- No capacity constraints currently in any of the products.
- Domestic volumes were flat in FY25, which management sees as a transitional effect rather than NOCIL losing market share.
- Management believes there would be robust demand in domestic market going forward, but pricing pressure would persist.
- Domestic volumes expected to grow at domestic market growth rate; export volume growth to be stronger.
- Management is making conscious effort to improve per kg parameters by bringing in operational efficiencies.
- There were some challenges w.r.t. the product mix in 4QFY25.
- Latex has done well in FY25 compared to FY24; will not go back to Covid levels but would continue to grow.
- NOCIL has a larger presence in Asia compared to the EU/ US.
- For specific products, utilization is at optimum levels; for some other products, it is at 60%+.
- Capex of INR2.5b on track: would be manufacturing TDQ in its Antioxidants' product portfolio in Dahej through a more advanced and greener process
- Demand for this product is there; therefore, management took decision to expand capacity.
- Antioxidants imports into India in 4QFY25 are stable.

Financial story in charts

Exhibit 9: Capacity and utilization snapshot for NOCIL

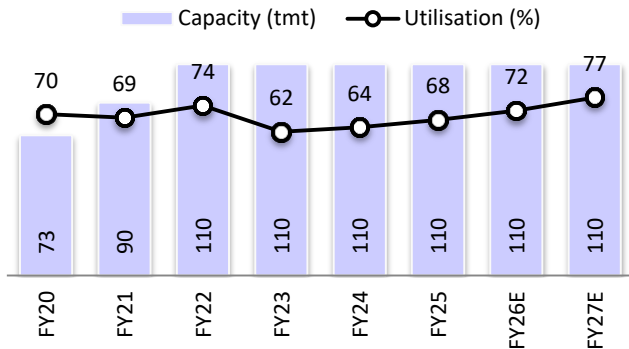


Exhibit 10: Expect 7% volume CAGR over FY25-27

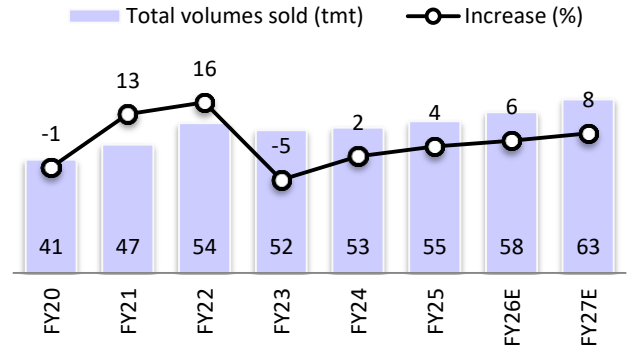


Exhibit 11: Exports to constitute ~30% of total revenue

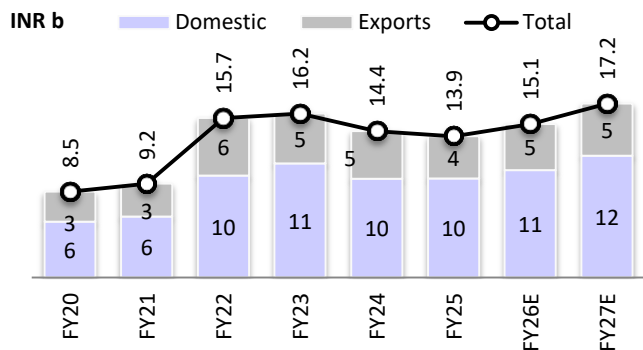


Exhibit 12: Realization and EBITDA per kg snapshot

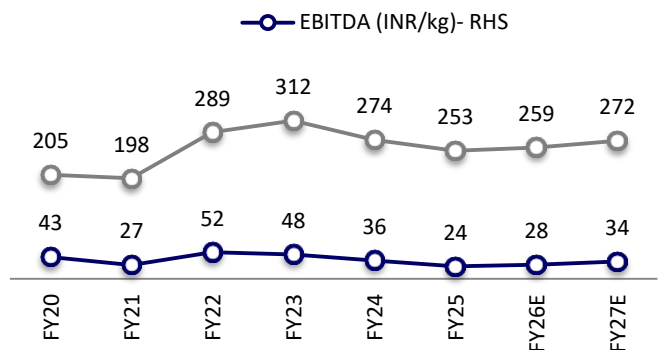


Exhibit 13: EBITDAM profile

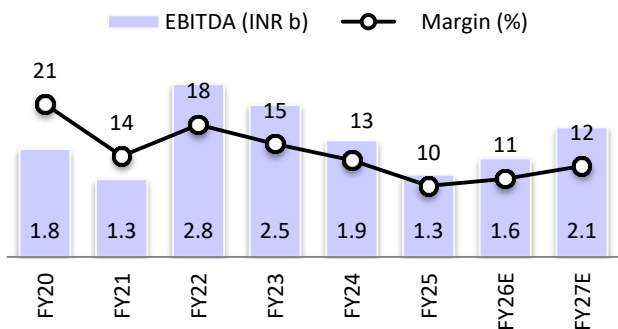


Exhibit 14: Expect PAT to jump ~1.3x by FY27 (vs FY25)

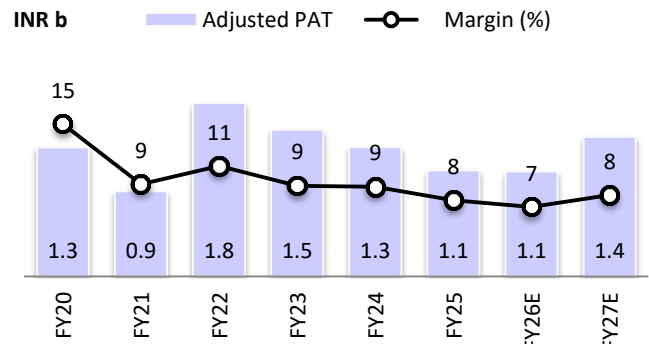


Exhibit 15: Return profile of NOCIL

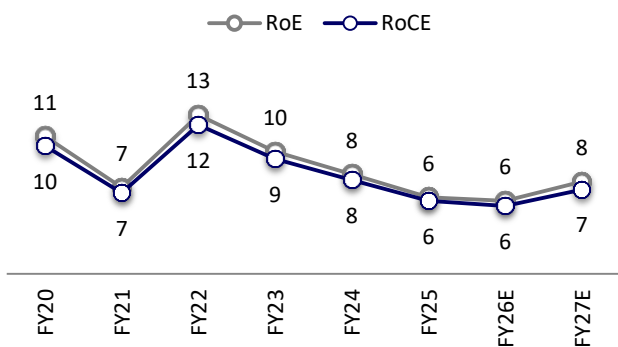
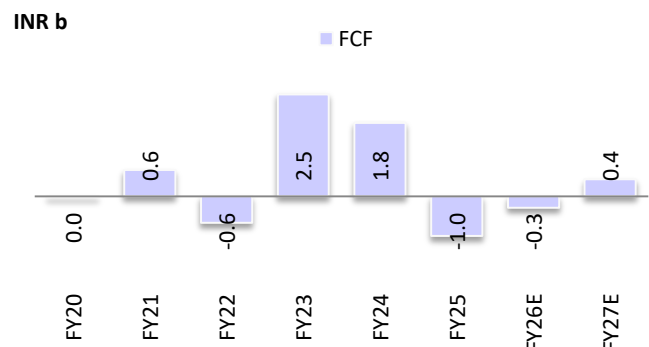


Exhibit 16: Cumulative FCF during FY26-27 to be at INR0.1b



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement

(InR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	8,463	9,247	15,713	16,166	14,447	13,927	15,132	17,159
Change (%)	-18.9	9.3	69.9	2.9	-10.6	-3.6	8.7	13.4
Gross Margin (%)	54.2	45.4	45.3	45.1	43.6	42.7	42.7	42.7
EBITDA	1,765	1,269	2,829	2,490	1,904	1,346	1,613	2,123
Margin (%)	20.8	13.7	18.0	15.4	13.2	9.7	10.7	12.4
Depreciation	324	361	471	544	515	523	570	618
EBIT	1,440	909	2,358	1,946	1,389	823	1,043	1,505
Int. and Finance Charges	13	10	11	12	16	18	20	25
Other Income	97	143	48	73	399	386	403	412
PBT bef. EO Exp.	1,524	1,042	2,396	2,007	1,771	1,191	1,426	1,892
PBT after EO Exp.	1,524	1,042	2,396	2,007	1,771	1,191	1,426	1,892
Total Tax	214	177	636	520	458	115	359	476
Tax Rate (%)	14.1	17.0	26.6	25.9	25.8	9.7	25.2	25.2
Reported PAT	1,310	865	1,760	1,487	1,314	1,076	1,067	1,416
Adjusted PAT	1,310	865	1,760	1,487	1,314	1,076	1,067	1,416
Change (%)	-28.9	-34.0	103.4	-15.5	-11.7	-18.1	-0.8	32.7
Margin (%)	15.5	9.4	11.2	9.2	9.1	7.7	7.1	8.2

Standalone - Balance Sheet

(InR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	1,656	1,662	1,666	1,666	1,667	1,670	1,670	1,670
Total Reserves	10,104	11,073	12,673	13,736	15,183	15,864	16,600	17,577
Net Worth	11,760	12,735	14,339	15,403	16,850	17,534	18,271	19,247
Total Loans	0	0	0	0	0	0	1,000	1,000
Deferred Tax Liabilities	887	956	1,028	1,069	1,209	1,072	1,072	1,072
Capital Employed	12,647	13,691	15,367	16,471	18,059	18,606	20,342	21,319
Gross Block	9,789	11,374	11,783	12,114	12,459	12,846	14,296	15,121
Less: Accum. Deprn.	2,111	2,472	2,943	3,487	4,002	4,524	5,094	5,712
Net Fixed Assets	7,678	8,902	8,840	8,627	8,457	8,322	9,202	9,409
Capital WIP	1,563	140	82	85	161	598	598	598
Total Investments	726	826	674	2,314	4,075	3,851	3,851	3,851
Curr. Assets, Loans, and Adv.	4,312	6,122	8,567	7,386	7,271	7,674	8,689	9,726
Inventory	1,361	1,653	3,326	2,847	2,227	2,811	3,054	3,463
Account Receivables	2,032	3,086	4,498	3,460	3,402	3,102	3,370	3,822
Cash and Bank Balance	128	797	154	551	940	263	637	595
Cash	84	441	116	213	903	228	601	560
Bank Balance	44	356	38	338	37	35	35	35
Loans and Advances	791	587	589	528	702	1,499	1,629	1,847
Curr. Liability and Prov.	1,633	2,297	2,795	1,940	1,906	1,838	1,997	2,265
Account Payables	892	1,710	2,174	1,283	1,184	1,186	1,288	1,461
Other Current Liabilities	511	378	414	453	535	458	498	564
Provisions	230	210	207	204	188	195	212	240
Net Current Assets	2,680	3,824	5,772	5,445	5,365	5,836	6,692	7,461
Appl. of Funds	12,647	13,691	15,367	16,471	18,058	18,606	20,342	21,319

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	7.9	5.2	10.6	8.9	7.9	6.4	6.4	8.5
EPS Growth (%)	-28.9	-34.0	103.0	-15.5	-11.7	-18.3	-0.8	32.7
Cash EPS	9.8	7.4	13.4	12.2	11.0	9.6	9.8	12.2
BV/Share	70.8	76.6	86.1	92.4	101.1	105.0	109.4	115.2
DPS	4.5	2.0	3.0	3.0	3.0	2.0	2.0	2.6
Payout (%)	76.0	38.5	28.4	33.6	38.1	31.0	31.0	31.0
Valuation (x)								
P/E	23.4	35.4	17.4	20.7	23.4	28.6	28.8	21.7
Cash P/E	18.7	25.0	13.8	15.1	16.8	19.3	18.8	15.1
P/BV	2.6	2.4	2.1	2.0	1.8	1.8	1.7	1.6
EV/Sales	3.6	3.2	1.9	1.9	2.1	2.2	2.1	1.8
EV/EBITDA	17.3	23.5	10.8	12.1	15.6	22.7	19.3	14.7
Dividend Yield (%)	2.4	1.1	1.6	1.6	1.6	1.1	1.1	1.4
FCF per share	-0.1	3.9	-3.9	15.0	10.8	-5.8	-1.6	2.5
Return Ratios (%)								
RoE	11.2	7.1	13.0	10.0	8.1	6.3	6.0	7.5
RoCE	10.5	6.6	12.2	9.4	7.7	6.0	5.6	6.9
RoIC	12.6	6.8	13.1	10.3	7.8	5.6	5.4	7.1
Working Capital Ratios								
Fixed Asset Turnover (x)	1.2	1.1	1.8	1.9	1.7	1.7	1.7	1.8
Asset Turnover (x)	0.7	0.7	1.0	1.0	0.8	0.7	0.7	0.8
Inventory (Days)	59	65	77	64	56	74	74	74
Debtor (Days)	88	122	104	78	86	81	81	81
Creditor (Days)	38	67	50	29	30	31	31	31
Leverage Ratio (x)								
Current Ratio	2.6	2.7	3.1	3.8	3.8	4.2	4.4	4.3
Interest Coverage Ratio	109.1	94.6	220.4	163.6	85.7	46.2	52.2	60.2
Net Debt/Equity ratio	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0

Standalone - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	1,524	1,042	2,396	2,007	1,771	1,191	1,426	1,892
Depreciation	324	361	471	544	515	523	570	618
Direct Taxes Paid	-510	-1	-591	-500	-393	-335	-359	-476
(Inc.)/Dec. in WC	515	-372	-2,549	783	471	-798	-482	-811
CF from Operations	1,772	904	-318	2,776	1,961	240	1,175	1,247
(Inc.)/Dec. in FA	-1,790	-262	-330	-284	-165	-1,206	-1,450	-825
Free Cash Flow	-18	642	-647	2,492	1,796	-966	-275	422
Other investing activity	746	-325	658	-1,856	-552	795	0	0
CF from Investments	-1,044	-586	328	-2,140	-718	-411	-1,450	-825
Inc./Dec. in Debt	0	0	0	0	0	0	1,000	0
Interest Paid	-9	-4	-6	-5	-7	-8	-20	-25
Dividend Paid	-980	-7	-332	-500	-501	-502	-331	-439
Others	-15	51	-27	-44	-46	-42	0	0
CF from Fin. Activity	-1,004	40	-336	-538	-553	-505	649	-464
Inc./Dec. in Cash	-276	358	-325	98	690	-676	374	-42
Opening Balance	360	84	441	116	213	903	228	601
Closing Balance	84	441	116	213	903	227	602	560

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
SELL	$< -10\%$
NEUTRAL	$-10\% \text{ to } 15\%$
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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