

Estimate changes

TP change

Rating change



Bloomberg	NOCIL IN
Equity Shares (m)	167
M.Cap.(INRb)/(USDb)	37.3 / 0.4
52-Week Range (INR)	336 / 215
1, 6, 12 Rel. Per (%)	-9/-23/-27
12M Avg Val (INR M)	263

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	14.1	16.0	18.5
EBITDA	1.3	1.8	2.7
PAT	1.1	1.3	1.9
EPS (INR)	6.8	7.6	11.5
EPS Gr. (%)	-13.8	12.5	50.4
BV/Sh.(INR)	105	110	117

Ratios

Net D:E	-0.1	-0.0	-0.1
RoE (%)	6.6	7.1	10.1
RoCE (%)	6.2	6.7	9.6
Payout (%)	38.1	38.1	38.1

Valuations

P/E (x)	32.9	29.3	19.5
P/BV (x)	2.1	2.0	1.9
EV/EBITDA (x)	26.7	20.2	13.4
Div. Yield (%)	1.2	1.3	2.0
FCF Yield (%)	2.6	(0.4)	2.7

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	33.8	33.8	33.8
DII	5.9	6.2	2.9
FII	7.8	7.9	7.0
Others	52.5	52.2	56.3

FII Includes depository receipts

CMP: INR223

TP: INR210 (-6%)

Neutral

Pricing pressure continues to hurt performance

- NOCIL's EBITDA/kg missed our estimate and stood at INR18.5 in 3QFY25, down 52% YoY. Sales volume increased 3% YoY to 12.9tmt. Realization was down at INR247.4/kg (-10% YoY) due to reduced selling prices, in line with the fall in RM prices. Hence, EBITDA was INR238m (-50% YoY), while PAT stood at INR185m (-38% YoY). Volumes, too, declined sequentially.
- Demand is expected to improve next month, but pressure will persist due to competition from China, Korea, and the EU, impacting prices and volumes. While tyre demand remains strong in the domestic replacement market and exports, OEM demand is weak. Volumes are set to recover next quarter, driving operating leverage higher.
- Volume growth of 8-10% is expected for FY25, with a similar trend likely for FY26. An anti-dumping investigation on a couple of products should conclude within the next 9-12 months. NOCIL is exploring inorganic growth and new product development; it has ~INR5.5b in cash and investments. Inquiries from the US are also rising following the new tariffs on China.
- We estimate a revenue/EBITDA/ PAT CAGR of 9%/12%/ 13% over FY24-27 (primarily due to the lower base in FY24), with NOCIL not being able to surpass its FY23 performance even in FY26. Volumes are likely to report a CAGR of 8% over FY24-27. Downside risks are more than the upside risks in NOCIL at the moment.
- Due to the underperformance in 3QFY25, we cut our revenue/ EBITDA/ EPS estimates by 7%/ 17%/ 13% for FY25, by 10%/ 13%/ 12% for FY26, and by 14%/ 12%/ 11% for FY27. There could be further earnings cuts in the ensuing quarters. The stock is trading at ~29x FY26E EPS of INR7.6 and ~20x FY26E EV/EBITDA. Our TP of INR210 is premised on 20x Dec'26E EPS. **Reiterate Neutral.**

Miss across the board; EBITDAM dips for the fourth straight quarter

- Revenue came in at INR3.2b (est. of INR3.5b, -7% YoY). Gross margin was 44.4% (vs. 46.3% in 3QFY24).
- EBITDA stood at INR238m (est. of INR351m, -50% YoY). EBITDAM was 7.5% (vs. 14% in 3QFY24). PAT was INR185m (est. of INR239m, -38% YoY).
- For 9MFY25**, NOCIL's revenue was INR10.5b (-3% YoY), EBITDA stood at INR1b (-31% YoY), and PAT was INR872m (-3% YoY). EBITDAM stood at 9.6% (-390bp YoY).

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 by Sep'26. 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.
- NOCIL currently trades at a premium of ~41% to its long-term average of 19.3x on a one-year forward P/E basis. The stock is also trading at ~29x FY26E EPS of INR7.6 and ~20x FY26E EV/EBITDA. Our TP of INR210 is premised on 20x Dec'26E EPS. **Reiterate Neutral.**

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Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
Gross Sales	3,967	3,509	3,406	3,565	3,722	3,627	3,181	3,577	14,447	14,107	3,529	-10%
YoY Change (%)	-22.1	-9.9	4.6	-9.2	-6.2	3.4	-6.6	0.3	-10.6	-2.4	3.6	
Gross Margin (%)	42.7%	43.4%	46.3%	42.1%	41.7%	43.3%	44.4%	42.4%	43.6%	42.9%	44.4%	0.0%
EBITDA	547	445	477	434	398	371	238	334	1,903	1,341	351	-32%
Margin (%)	13.8	12.7	14.0	12.2	10.7	10.2	7.5	9.4	13.2	9.5	9.9	-2.5
Depreciation	126	127	132	130	128	130	132	137	515	528	136	
Interest	4	3	5	4	5	5	4	4	16	18	5	
Other Income	44	45	61	249	100	88	148	154	399	490	110	
PBT before EO expense	461	360	402	549	364	324	249	348	1,771	1,286	320	-22%
PBT	461	360	402	549	364	324	249	348	1,771	1,286	320	-22%
Tax	125	91	104	138	92	-91	64	88	458	153	81	
Rate (%)	27.2	25.3	25.9	25.1	25.3	-28.0	25.7	25.2	25.8	11.9	25.2	
Reported PAT	336	269	298	411	272	415	185	261	1,314	1,133	239	-23%
Adj PAT	336	269	298	411	272	415	185	261	1,314	1,133	239	-23%
YoY Change (%)	-48.8	-25.2	58.7	44.9	-18.9	54.3	-37.8	-36.6	-11.7	-13.8	-19.6	
Margin (%)	8.5	7.7	8.7	11.5	7.3	11.4	5.8	7.3	9.1	8.0	6.8	-1.0
Operational parameters												
Total Volume Sold (tmt)	13.5	12.9	12.5	14.0	14.6	14.3	12.9	13.7	52.8	39.3	13.9	-8%
Implied Realization (INR/kg)	294.6	272.9	273.5	255.1	255.3	254.1	247.4	261.6	273.9	359.1	253.4	-2%
EBITDA (INR/kg)	40.6	34.6	38.3	31.1	27.3	26.0	18.5	24.5	36.1	34.1	25.2	-27%

Story in charts – 3QFY25

Exhibit 1: Sales volume up 3% YoY

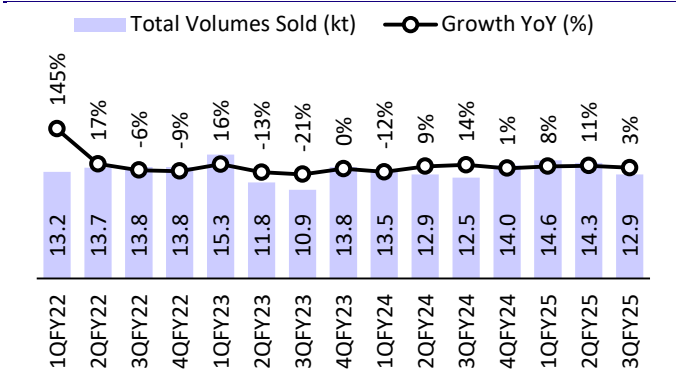


Exhibit 2: EBITDA/kg was INR18.5 in 3Q

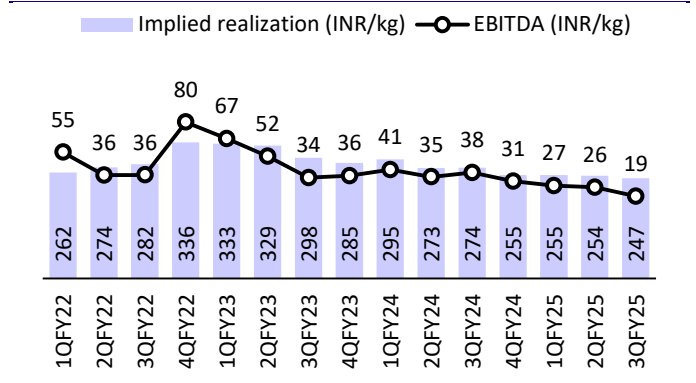


Exhibit 3: Sales down 7% YoY, realization at INR247.4/kg

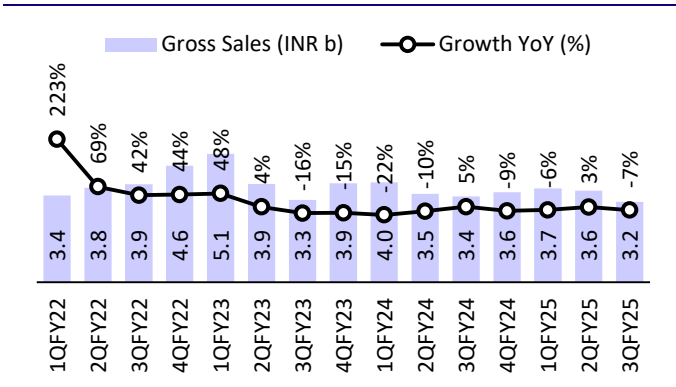


Exhibit 4: Gross margin at 44.4% with EBITDAM at 7.5%

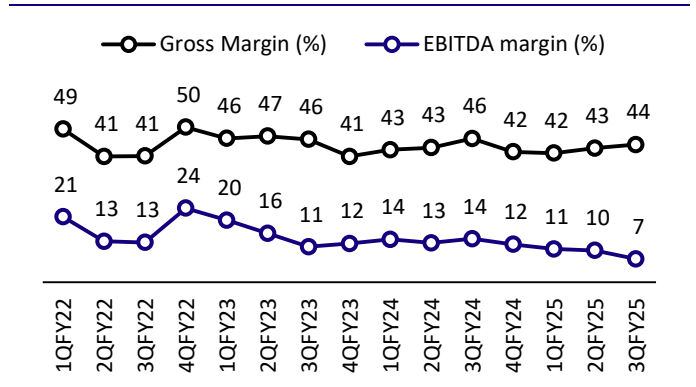


Exhibit 5: EBITDA down 50% YoY to INR238m

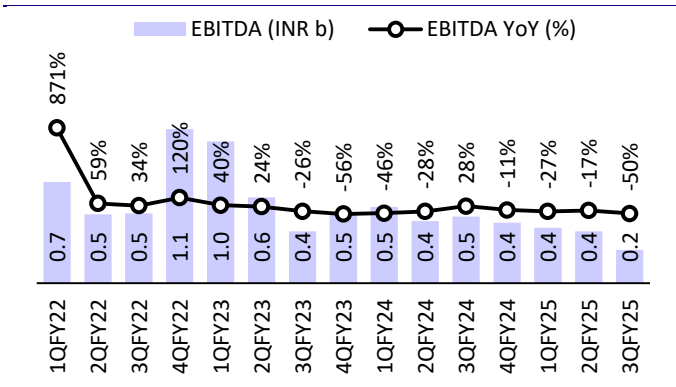
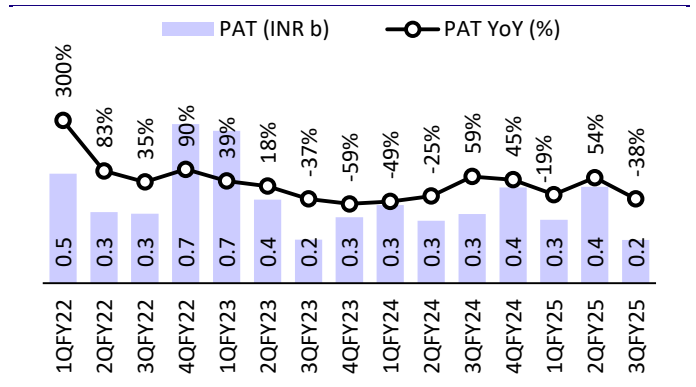


Exhibit 6: PAT down 38% YoY to INR185m



Source: Company, MOFSL

Source: Company, MOFSL

Financial story in charts

Exhibit 7: Capacity and utilization snapshot for NOCIL

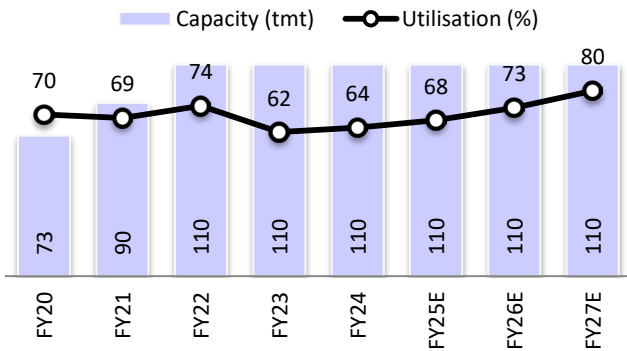


Exhibit 8: Expect 8% volume CAGR over FY24-27

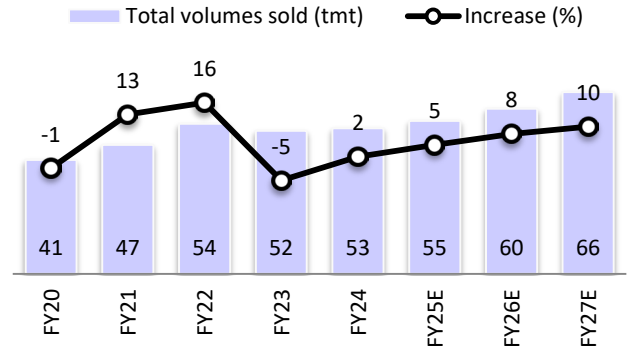


Exhibit 9: Exports to constitute ~30% of total revenue

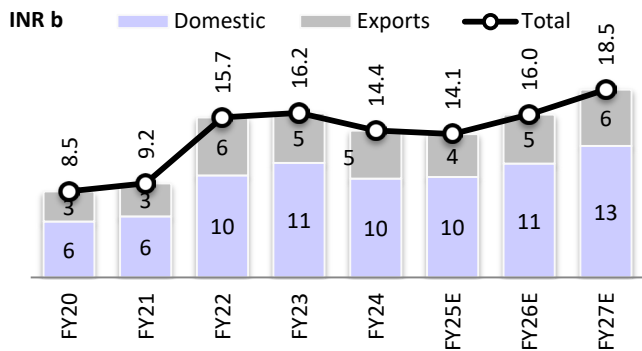


Exhibit 10: Realization and EBITDA per kg snapshot

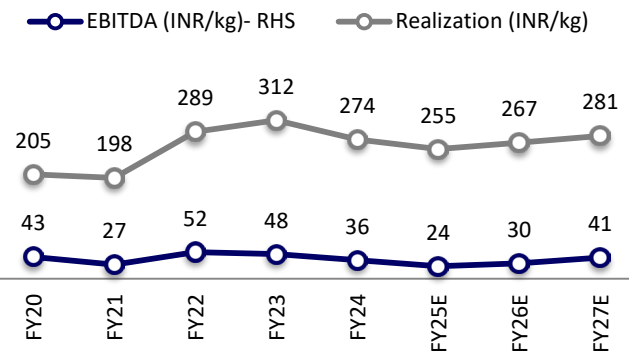


Exhibit 11: EBITDAM profile

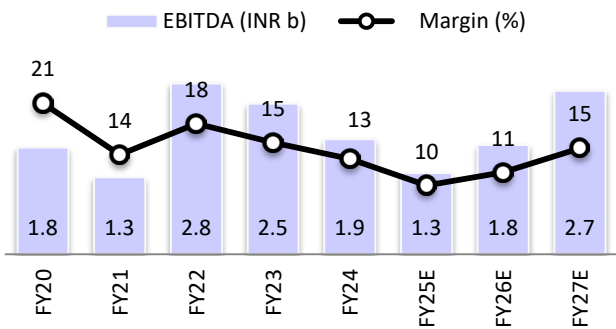


Exhibit 12: Expect PAT to jump ~1.5x by FY27 (v/s FY24)

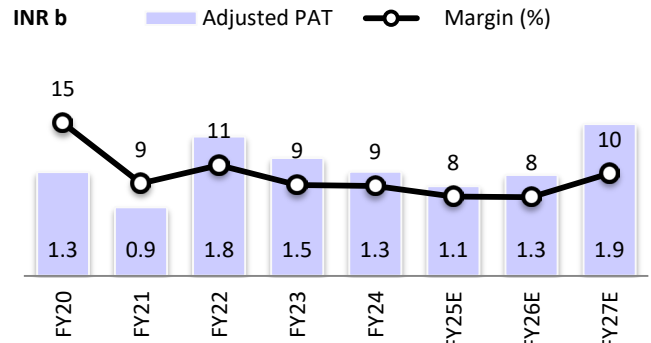


Exhibit 13: Expect return ratios to improve to 10x in FY27

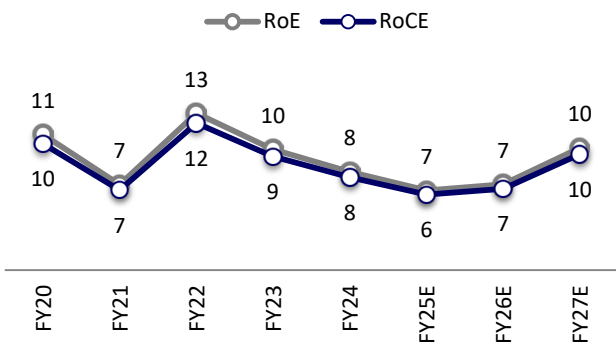
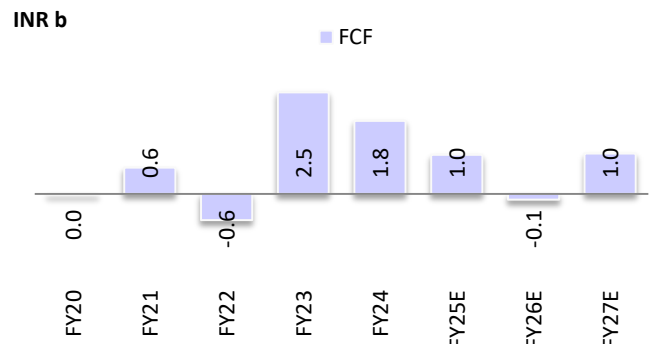


Exhibit 14: Cumulative FCF during FY25-27 to be at INR1.8b



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Income from Operations	8,463	9,247	15,713	16,166	14,447	14,107	15,998	18,477
Change (%)	-18.9	9.3	69.9	2.9	-10.6	-2.4	13.4	15.5
Gross Margin (%)	54.2	45.4	45.3	45.1	43.6	42.9	42.7	44.2
EBITDA	1,765	1,269	2,829	2,490	1,904	1,341	1,805	2,705
Margin (%)	20.8	13.7	18.0	15.4	13.2	9.5	11.3	14.6
Depreciation	324	361	471	544	515	528	588	636
EBIT	1,440	909	2,358	1,946	1,389	814	1,217	2,069
Int. and Finance Charges	13	10	11	12	16	18	20	22
Other Income	97	143	48	73	399	490	505	513
PBT bef. EO Exp.	1,524	1,042	2,396	2,007	1,771	1,286	1,703	2,561
PBT after EO Exp.	1,524	1,042	2,396	2,007	1,771	1,286	1,703	2,561
Total Tax	214	177	636	520	458	153	429	645
Tax Rate (%)	14.1	17.0	26.6	25.9	25.8	11.9	25.2	25.2
Reported PAT	1,310	865	1,760	1,487	1,314	1,133	1,274	1,916
Adjusted PAT	1,310	865	1,760	1,487	1,314	1,133	1,274	1,916
Change (%)	-28.9	-34.0	103.4	-15.5	-11.7	-13.8	12.5	50.4
Margin (%)	15.5	9.4	11.2	9.2	9.1	8.0	8.0	10.4

Standalone - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	1,656	1,662	1,666	1,666	1,667	1,667	1,667	1,667
Total Reserves	10,104	11,073	12,673	13,736	15,183	15,885	16,674	17,861
Net Worth	11,760	12,735	14,339	15,403	16,850	17,551	18,340	19,527
Total Loans	0	0	0	0	0	0	0	0
Deferred Tax Liabilities	887	956	1,028	1,069	1,209	1,209	1,209	1,209
Capital Employed	12,647	13,691	15,367	16,471	18,059	18,760	19,549	20,736
Gross Block	9,789	11,374	11,783	12,114	12,459	13,284	14,734	15,559
Less: Accum. Deprn.	2,111	2,472	2,943	3,487	4,002	4,529	5,118	5,754
Net Fixed Assets	7,678	8,902	8,840	8,627	8,457	8,754	9,616	9,805
Capital WIP	1,563	140	82	85	161	161	161	161
Total Investments	726	826	674	2,314	4,075	4,075	4,075	4,075
Curr. Assets, Loans, and Adv.	4,312	6,122	8,567	7,386	7,271	7,631	7,808	9,133
Inventory	1,361	1,653	3,326	2,847	2,227	2,175	2,466	2,848
Account Receivables	2,032	3,086	4,498	3,460	3,402	3,322	3,767	4,351
Cash and Bank Balance	128	797	154	551	940	1,449	797	1,036
Cash	84	441	116	213	903	1,411	760	999
Bank Balance	44	356	38	338	37	37	37	37
Loans and Advances	791	587	589	528	702	686	777	898
Curr. Liability and Prov.	1,633	2,297	2,795	1,940	1,906	1,861	2,111	2,438
Account Payables	892	1,710	2,174	1,283	1,184	1,156	1,311	1,514
Other Current Liabilities	511	378	414	453	535	522	592	684
Provisions	230	210	207	204	188	183	208	240
Net Current Assets	2,680	3,824	5,772	5,445	5,365	5,769	5,697	6,695
Appl. of Funds	12,647	13,691	15,367	16,471	18,058	18,760	19,549	20,736

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	7.9	5.2	10.6	8.9	7.9	6.8	7.6	11.5
EPS Growth (%)	-28.9	-34.0	103.0	-15.5	-11.7	-13.8	12.5	50.4
Cash EPS	9.8	7.4	13.4	12.2	11.0	10.0	11.2	15.3
BV/Share	70.8	76.6	86.1	92.4	101.1	105.3	110.1	117.2
DPS	4.5	2.0	3.0	3.0	3.0	2.6	2.9	4.4
Payout (%)	76.0	38.5	28.4	33.6	38.1	38.1	38.1	38.1
Valuation (x)								
P/E	28.4	43.0	21.2	25.1	28.4	32.9	29.3	19.5
Cash P/E	22.8	30.4	16.7	18.4	20.4	22.5	20.0	14.6
P/BV	3.2	2.9	2.6	2.4	2.2	2.1	2.0	1.9
EV/Sales	4.4	3.9	2.4	2.3	2.5	2.5	2.3	2.0
EV/EBITDA	21.0	28.7	13.1	14.8	19.1	26.7	20.2	13.4
Dividend Yield (%)	2.0	0.9	1.3	1.3	1.3	1.2	1.3	2.0
FCF per share	-0.1	3.9	-3.9	15.0	10.8	5.7	-0.9	5.9
Return Ratios (%)								
RoE	11.2	7.1	13.0	10.0	8.1	6.6	7.1	10.1
RoCE	10.5	6.6	12.2	9.4	7.7	6.2	6.7	9.6
RoIC	12.6	6.8	13.1	10.3	7.8	5.5	6.6	10.3
Working Capital Ratios								
Fixed Asset Turnover (x)	1.2	1.1	1.8	1.9	1.7	1.6	1.7	1.9
Asset Turnover (x)	0.7	0.7	1.0	1.0	0.8	0.8	0.8	0.9
Inventory (Days)	59	65	77	64	56	56	56	56
Debtor (Days)	88	122	104	78	86	86	86	86
Creditor (Days)	38	67	50	29	30	30	30	30
Leverage Ratio (x)								
Current Ratio	2.6	2.7	3.1	3.8	3.8	4.1	3.7	3.7
Interest Coverage Ratio	109.1	94.6	220.4	163.6	85.7	45.7	62.1	96.0
Net Debt/Equity ratio	0.0	-0.1	0.0	0.0	-0.1	-0.1	0.0	-0.1

Standalone - Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
(INR m)								
OP/(Loss) before Tax	1,524	1,042	2,396	2,007	1,771	1,286	1,703	2,561
Depreciation	324	361	471	544	515	528	588	636
Direct Taxes Paid	-510	-1	-591	-500	-393	-153	-429	-645
(Inc.)/Dec. in WC	515	-372	-2,549	783	470	104	-579	-759
CF from Operations	1,772	904	-318	2,776	1,960	1,782	1,303	1,814
(Inc.)/Dec. in FA	-1,790	-262	-330	-284	-165	-825	-1,450	-825
Free Cash Flow	-18	642	-647	2,492	1,795	957	-147	989
Other investing activity	746	-325	658	-1,856	-551	0	0	0
CF from Investments	-1,044	-586	328	-2,140	-717	-825	-1,450	-825
Inc./Dec. in Debt	0	0	0	0	0	0	0	0
Interest Paid	-9	-4	-6	-5	-7	-18	-20	-22
Dividend Paid	-980	-7	-332	-500	-501	-431	-485	-729
Others	-15	51	-27	-44	-46	0	0	0
CF from Fin. Activity	-1,004	40	-336	-538	-553	-449	-505	-751
Inc./Dec. in Cash	-276	358	-325	98	690	508	-651	239
Opening Balance	360	84	441	116	213	903	1,411	760
Closing Balance	84	441	116	213	903	1,411	760	999

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % 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

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