

May 30, 2024

Q4FY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	REDUCE		REDUCE	
Target Price	224		249	
Sales (Rs. m)	15,624	17,718	16,431	18,895
% Chng.	(4.9)	(6.2)		
EBITDA (Rs. m)	2,283	2,697	2,470	3,037
% Chng.	(7.6)	(11.2)		
EPS (Rs.)	8.1	9.7	8.9	11.3
% Chng.	(9.3)	(14.1)		

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	16,166	14,447	15,624	17,718
EBITDA (Rs. m)	2,528	1,950	2,283	2,697
Margin (%)	15.6	13.5	14.6	15.2
PAT (Rs. m)	1,492	1,330	1,341	1,622
EPS (Rs.)	9.0	8.0	8.1	9.7
Gr. (%)	(15.3)	(10.8)	0.9	21.0
DPS (Rs.)	3.0	3.0	3.0	3.0
Yield (%)	1.2	1.2	1.2	1.2
RoE (%)	10.0	8.2	7.9	9.2
RoCE (%)	13.1	8.8	10.1	11.9
EV/Sales (x)	2.5	2.7	2.5	2.2
EV/EBITDA (x)	16.2	20.3	17.4	14.6
PE (x)	29.0	32.6	32.3	26.7
P/BV (x)	2.8	2.5	2.5	2.4

Key Data

NOCI.BO | NOCIL IN

52-W High / Low	Rs.298 / Rs.204
Sensex / Nifty	73,886 / 22,489
Market Cap	Rs.43bn/ \$ 520m
Shares Outstanding	167m
3M Avg. Daily Value	Rs.172.59m

Shareholding Pattern (%)

Promoter's	33.84
Foreign	7.78
Domestic Institution	3.52
Public & Others	54.86
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.4)	12.8	21.1
Relative	(2.6)	2.2	3.2

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Headwinds continue to persist

Quick Pointers:

- Increasing Chinese imports continue to impact prices & volumes, remains a key concern
- Rs2.5bn capex for expansion of the rubber chemical facility at Dahej, despite current utilization being 65%

NOCIL (NOCIL IN) reported a topline of Rs3.6bn (PLe: Rs3.3bn), a decline of 9.2% YoY majorly due to subdued realization. As per our calculation, average realization declined 7% QoQ to Rs255/kg. EBITDAM was also impacted due to higher raw material cost, especially aniline prices, which are on an uptrend. As per the management, volumes in the domestic market continue to face challenges due to dumping from China; however, the management stated that volumes in export markets have shown growth and expects the trend to continue. The earlier announced capex of Rs2.5bn for expansion of rubber chemicals production is expected to commence in H2FY27. We believe the company's performance will continue to be impacted by near-term headwinds. The stock is currently trading at ~32x FY25E EPS. We maintain 'Reduce' rating with a TP of Rs224, valuing the company at 23x FY26 EPS.

- Volume for Q4FY24 grew by 12%:** Consolidated revenue decreased 9.2% YoY and increased 4.7% QoQ to Rs3.56bn (PLe: Rs3.34bn, Consensus: Rs3.8bn), mainly due to 12% increase in volume QoQ as compared to revenue of Rs3.9bn/Rs3.4bn in Q4FY23/Q3FY24, respectively. For FY24, topline declined by 10.6% to Rs14.4bn from Rs27.9bn. Gross profit margin was 42.1% (vs 46.3% in Q3FY24 and 40.5% in Q4FY23), a 420bps decline QoQ due to higher raw material costs.
- EBITDA margin shrink by 180bps QoQ:** EBITDA decreased 10.3% YoY and 8.7% QoQ to Rs446mn (PLe: Rs470mn, Consensus: Rs554mn) with a margin of 12.5% (PLe: 14%) as against a margin of 12.7% in Q4FY23 and 14.3% in Q3FY24. Reported PAT was at Rs415mn, up 46.7% YoY/ 38.5% QoQ, due to higher other income pertaining to Rs180mn profit gained from the sale of fixed assets. PAT margins were at 12% vs 9% & 7% in Q3FY24 & Q4FY23, respectively. FY24 PAT was at Rs1.3bn, a 10.8% decline YoY, while PAT margin remained flat at 9%.
- Concall takeaways:** (1) Volumes for Q4FY24 grew by 12% QoQ, export growth was in higher double digit, whereas domestic growth was in higher single digit. (2) Total volume growth for FY24 was 2%; export segment saw 9% volume growth, whereas domestic volume growth was flattish. (3) Indian tire market is expected to grow at single digit and tire exports are likely to see muted demand in FY25. (4) Rs2.5bn capex for expansion of the rubber chemical capacity at Dahej plant, is expected to be commercialized in H2FY27. (5) Latex segment has recorded approx. 40% de-growth since FY22. (6) At overall level, Q4FY24 utilization was at 65%. (7) Export:domestic revenue mix for FY24 was 32%:68%.

Exhibit 1: Q3FY24 Result Overview - Consolidated (Rs mn)

Y/e March	Q4FY24	Q4FY23	YoY gr. (%)	Q4FY24E	% Var.	Q3FY24	QoQ gr. (%)	FY24E	FY23	YoY gr. (%)
Net Sales	3,565	3,927	(9.2)	3,344	6.6	3,406	4.7	14,447	16,166	(10.6)
Gross Profit	1,500	1,592	(5.8)	1,578	(4.9)	1,576	(4.9)	6,296	7,289	(13.6)
<i>Margin (%)</i>	<i>42.1</i>	<i>40.5</i>		<i>47.2</i>		<i>46.3</i>		<i>43.6</i>	<i>45.1</i>	
EBITDA	446	497	(10.3)	470	(5.0)	489	(8.7)	1,942	2,527	(23.1)
<i>Margin (%)</i>	<i>12.5</i>	<i>12.7</i>		<i>14.0</i>		<i>14.3</i>		<i>13.4</i>	<i>15.6</i>	
Other Income	247.1	29.4		42.6	480.0	58.3	323.8	401.6	62.4	
Depreciation	133	139	(4.0)	156	(14.5)	135	(1.3)	528	557	(5.2)
EBIT	560	388	44.4	357	57.1	412	36.0	1,816	2,033	(10.7)
Interest	4	3	55.6	3	40.0	5	(16.0)	16	12	35.0
PBT before excep	556	385	44.3	354	57.2	407	36.6	1,800	2,021	(10.9)
Total Tax	141	102	37.7	88	60.6	107	31.5	470	529	(11.3)
<i>ETR (%)</i>	<i>25.3</i>	<i>26.5</i>		<i>24.8</i>		<i>26.3</i>		<i>26.1</i>	<i>26.2</i>	
Adj. PAT	415	283	46.7	266	56.1	300	38.5	1,330	1,492	(10.8)
Exceptional Items										
PAT	415	283	46.7	266	56.1	300	38.5	1,330	1,492	(10.8)

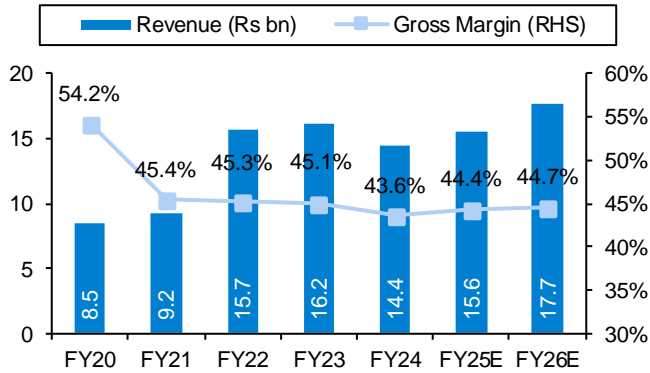
Source: Company, PL

Exhibit 2: Segmental Details (Assumptions)

Y/e March	Q4FY24	Q4FY23	YoY gr. %	Q3FY24	QoQ gr. %	FY24	FY23	YoY gr. %
Sales Volume (MT) - calculated	13,985	13,770	-9%	12,486	12%	52,864	51,840	2.0%
Avg Realisation (Rs/ kg)	255	285	-4%	273	-7%	273	311	-12.1%
Gross Profit (Rs / kg)	107	116	9%	126	-15%	119	141	-15.1%
EBITDA (Rs / kg)	32	36	8%	39	-18%	37	48	-22.7%

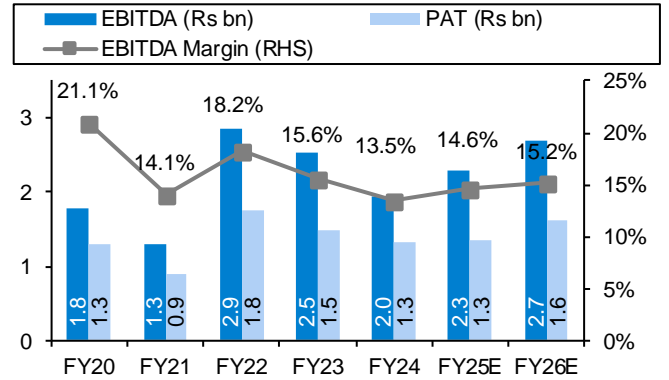
Source: Company, PL

Exhibit 3: Rev to grow at 3% CAGR (FY23-26E) led by vol



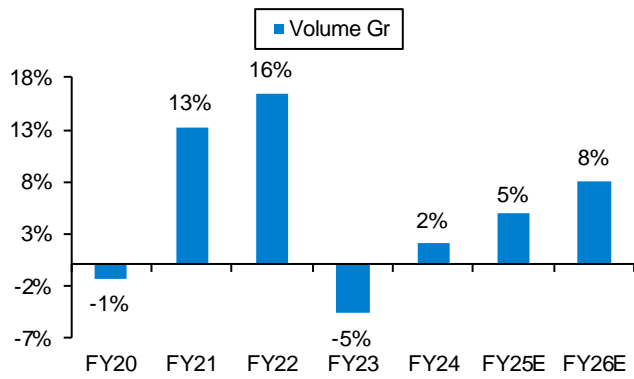
Source: Company, PL

Exhibit 4: Margins to hover around 15%



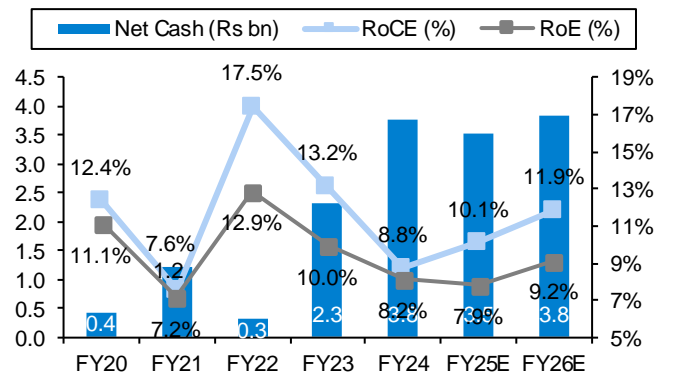
Source: Company, PL

Exhibit 5: Volume growth expected post FY24

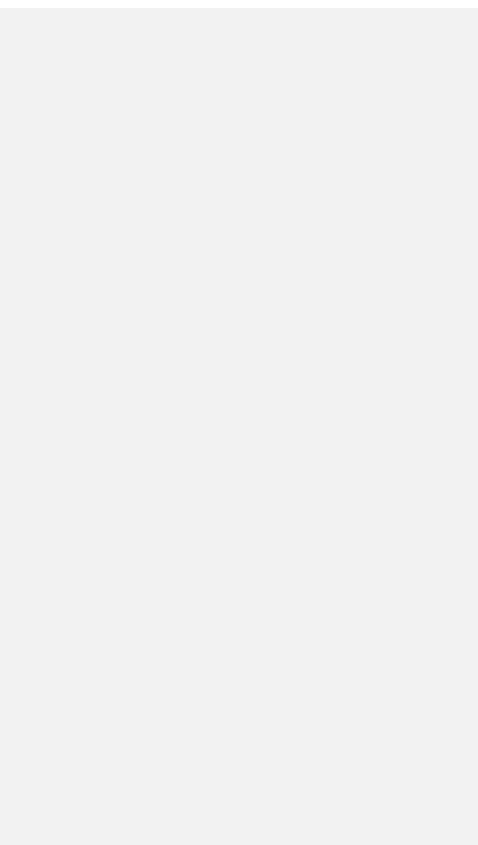


Source: Company, PL

Exhibit 6: Net Cash BS with improving ratios



Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	16,166	14,447	15,624	17,718
YoY gr. (%)	2.9	(10.6)	8.1	13.4
Cost of Goods Sold	8,877	8,151	8,684	9,803
Gross Profit	7,289	6,296	6,940	7,915
Margin (%)	45.1	43.6	44.4	44.7
Employee Cost	875	921	986	1,055
Other Expenses	3,887	3,425	3,672	4,164
EBITDA	2,528	1,950	2,283	2,697
YoY gr. (%)	(11.7)	(22.8)	17.0	18.1
Margin (%)	15.6	13.5	14.6	15.2
Depreciation and Amortization	557	528	557	591
EBIT	1,971	1,423	1,726	2,106
Margin (%)	12.2	9.8	11.0	11.9
Net Interest	12	16	11	11
Other Income	62	394	100	100
Profit Before Tax	2,021	1,800	1,815	2,195
Margin (%)	12.5	12.5	11.6	12.4
Total Tax	529	470	474	573
Effective tax rate (%)	26.2	26.1	26.1	26.1
Profit after tax	1,492	1,330	1,341	1,622
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,492	1,330	1,341	1,622
YoY gr. (%)	(15.3)	(10.8)	0.8	21.0
Margin (%)	9.2	9.2	8.6	9.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,492	1,330	1,341	1,622
YoY gr. (%)	(15.3)	(10.8)	0.8	21.0
Margin (%)	9.2	9.2	8.6	9.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,492	1,330	1,341	1,622
Equity Shares O/s (m)	167	167	167	167
EPS (Rs)	9.0	8.0	8.1	9.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	12,527	12,874	13,674	14,474
Tangibles	12,408	12,755	13,555	14,355
Intangibles	120	120	120	120
Acc: Dep / Amortization	3,653	4,180	4,737	5,328
Tangibles	3,565	4,093	4,650	5,240
Intangibles	88	88	88	88
Net fixed assets	8,875	8,694	8,937	9,146
Tangibles	8,843	8,662	8,905	9,114
Intangibles	32	32	32	32
Capital Work In Progress	86	162	162	162
Goodwill	-	-	-	-
Non-Current Investments	692	1,462	1,456	1,456
Net Deferred tax assets	(1,109)	(1,249)	(1,249)	(1,249)
Other Non-Current Assets	107	76	76	76
Current Assets				
Investments	1,763	2,808	2,808	2,808
Inventories	2,849	2,228	2,776	3,148
Trade receivables	3,460	3,402	3,679	4,172
Cash & Bank Balance	574	955	726	1,039
Other Current Assets	154	275	149	169
Total Assets	18,572	20,152	20,780	22,189
Equity				
Equity Share Capital	1,666	1,667	1,666	1,666
Other Equity	13,855	15,319	15,469	16,591
Total Networkth	15,521	16,986	17,134	18,257
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	162	152	152	152
Other non current liabilities	68	109	109	109
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,273	1,181	1,712	1,942
Other current liabilities	439	476	424	481
Total Equity & Liabilities	18,572	20,152	20,780	22,189

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	2,021	1,800	1,815	2,195
Add. Depreciation	557	528	557	591
Add. Interest	12	16	11	11
Less Financial Other Income	62	394	100	100
Add. Other	(61)	(414)	(100)	(100)
Op. profit before WC changes	2,529	1,930	2,283	2,697
Net Changes-WC	796	481	(837)	(607)
Direct tax	(505)	(402)	(470)	(567)
Net cash from Op. activities	2,820	2,009	977	1,523
Capital expenditures	(294)	(169)	(800)	(800)
Interest / Dividend Income	25	122	100	100
Others	(1,899)	(727)	5	-
Net Cash from Inv. activities	(2,168)	(774)	(695)	(700)
Issue of share cap. / premium	12	1	(1)	-
Debt changes	-	-	-	-
Dividend paid	(500)	(501)	(500)	(500)
Interest paid	(12)	(16)	(11)	(11)
Others	(37)	(37)	-	-
Net cash from Fin. activities	(538)	(553)	(512)	(511)
Net change in cash	114	683	(230)	313
Free Cash Flow	2,523	1,655	177	723

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	9.0	8.0	8.1	9.7
CEPS	12.3	11.1	11.4	13.3
BVPS	93.1	101.9	102.9	109.6
FCF	15.1	9.9	1.1	4.3
DPS	3.0	3.0	3.0	3.0
Return Ratio(%)				
RoCE	13.1	8.8	10.1	11.9
ROIC	10.7	8.0	9.5	11.1
RoE	10.0	8.2	7.9	9.2
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	114	112	111	111
Valuation(x)				
PER	29.0	32.6	32.3	26.7
P/B	2.8	2.5	2.5	2.4
P/CEPS	21.1	23.3	22.8	19.6
EV/EBITDA	16.2	20.3	17.4	14.6
EV/Sales	2.5	2.7	2.5	2.2
Dividend Yield (%)	1.2	1.2	1.2	1.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

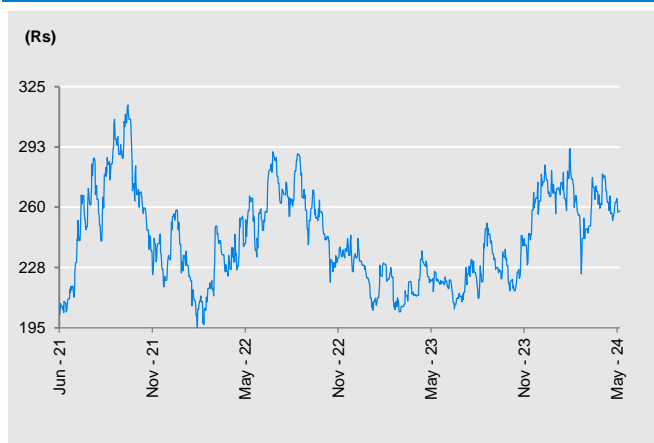
Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	3,967	3,509	3,406	3,565
YoY gr. (%)	(22.1)	(9.9)	4.6	(9.2)
Raw Material Expenses	2,274	1,982	1,830	2,065
Gross Profit	1,693	1,527	1,576	1,500
Margin (%)	42.7	43.5	46.3	42.1
EBITDA	555	453	489	446
YoY gr. (%)	(46.3)	(27.0)	29.5	(10.3)
Margin (%)	14.0	12.9	14.3	12.5
Depreciation / Depletion	129	131	135	133
EBIT	426	322	354	313
Margin (%)	10.7	9.2	10.4	8.8
Net Interest	4	3	5	4
Other Income	50	46	58	247
Profit before Tax	472	365	407	556
Margin (%)	11.9	10.4	11.9	15.6
Total Tax	129	94	107	141
Effective tax rate (%)	27.3	25.7	26.3	25.3
Profit after Tax	343	272	300	415
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	343	272	300	415
YoY gr. (%)	(48.4)	(24.0)	61.1	46.7
Margin (%)	8.6	7.7	8.8	11.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	343	272	300	415
YoY gr. (%)	(48.4)	(24.0)	61.1	46.7
Margin (%)	8.6	7.7	8.8	11.7
Other Comprehensive Income	170	697	-	-
Total Comprehensive Income	513	969	300	415
Avg. Shares O/s (m)	167	167	167	167
EPS (Rs)	2.1	1.6	1.8	2.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales Volume Growth (%)	(4.7)	2.0	5.0	8.0
Avg Realisations Growth (%)	7.9	(12.4)	3.0	5.0
EBITDA (Rs/kg)	48.8	36.9	42.0	45.0
Capex (Rs bn)	0.3	0.4	0.8	0.8

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-24	Reduce	249	266
2	08-Feb-24	Reduce	254	270
3	08-Jan-24	Reduce	236	274
4	07-Dec-23	Reduce	226	246
5	03-Nov-23	Hold	226	216
6	09-Oct-23	Hold	228	226
7	02-Aug-23	Hold	230	228

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	595	669
2	Ashok Leyland	BUY	239	211
3	Bajaj Auto	Sell	7,267	9,021
4	Bharat Forge	BUY	1,615	1,405
5	Bharat Petroleum Corporation	Reduce	547	619
6	Bharti Airtel	Accumulate	1,373	1,310
7	CEAT	BUY	3,017	2,545
8	Clean Science and Technology	Hold	1,383	1,328
9	Deepak Nitrite	Reduce	2,268	2,464
10	Divgi Torqtransfer Systems	Accumulate	831	765
11	Eicher Motors	BUY	5,335	4,658
12	Endurance Technologies	Accumulate	2,346	2,168
13	Exide Industries	Accumulate	495	472
14	Fine Organic Industries	Accumulate	4,779	4,287
15	GAIL (India)	Sell	163	209
16	Gujarat Fluorochemicals	Reduce	3,120	3,638
17	Gujarat Gas	Accumulate	589	553
18	Gujarat State Petronet	BUY	400	294
19	Hero Motocorp	BUY	5,629	4,614
20	Hindustan Petroleum Corporation	Sell	420	501
21	Indian Oil Corporation	Reduce	151	169
22	Indraprastha Gas	Sell	368	452
23	Jubilant Ingrevia	Hold	526	512
24	Laxmi Organic Industries	Sell	206	257
25	Mahanagar Gas	Sell	1,116	1,300
26	Mahindra & Mahindra	BUY	2,716	2,372
27	Mangalore Refinery & Petrochemicals	Sell	142	233
28	Maruti Suzuki	BUY	14,432	12,703
29	Navin Fluorine International	Accumulate	3,621	3,377

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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