

# NOCIL LTD.

**RECOMMENDATION : BUY**

**MARKET PRICE : Rs.213.80 (As on 19<sup>th</sup> Apr 2023)**

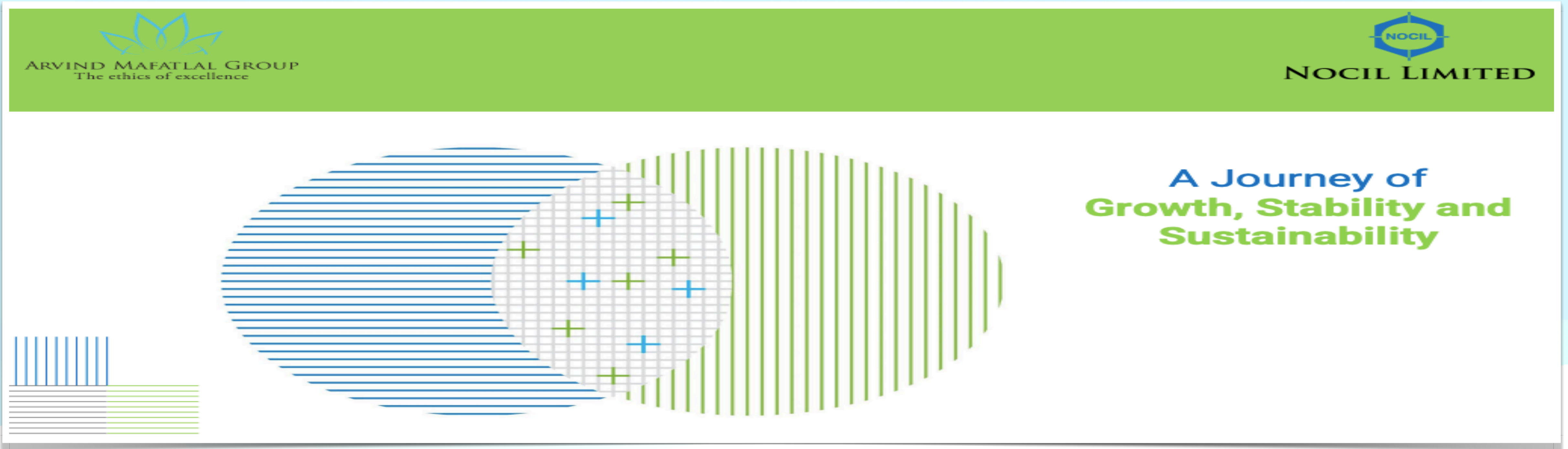
**TARGET PRICE : Rs.268.00**

**FACE VALUE : Rs.10**

**BSE CODE : 500730**

**NSE CODE : NOCIL**





NOCIL Ltd. is one of the few players in this business to offer wide range of rubber chemicals to suit the customer needs. Due to its rich experience and offering a one stop shop to customers, NOCIL is today acknowledged as a dependable supplier of rubber chemicals. Globally, the Company is recognised for its technical capabilities and on this aspect alone, NOCIL enjoys an edge over other players in this business.

## ABOUT THE COMPANY

The Company is the Largest Rubber Chemicals Manufacturer in India with the State of the Art Technology for the manufacture of rubber chemicals. Its brands PILFLEX® Antidegradants, PILNOX® Antioxidants, PILCURE® Accelerators, Post Vulcanization Stabilizer and PILGARD® Pre Vulcanization Inhibitor are well recognised in both domestic as well as international markets. The Company has set up new manufacturing facility at Dahej in Gujarat, with a much improved process technology to strengthen its position in the field of Rubber Chemicals.





CAGR growth from  
2016 - 2022

+14%

Revenue

+13%

Operating PBT

+13%

EBITDA

~30%

Dividend Payout  
more than 6 years



Part of  
**Arvind Mafatlal Group**

**Largest**  
Rubber Chemicals Manufacturer in India

Expertise in Rubber Chemical Business  
**over 4 decades**

**Long Term Business Relationships**  
with Tyre Majors (Both Domestic & International)

Awarded **Responsible Care Logo** by  
Indian Chemical Council



### Navi Mumbai Plant

- Set up in 1976 is as one of the leading manufacturers in rubber chemicals globally, our processes involve complex chemical synthesis.
- It is of prime importance to ensure that all our products adhere to International quality standards.
- It manufactures diverse range of rubber chemicals for tire and other rubber applications.

### Dahej Plant

- Commenced operations in March 2013
- Located about 45 kms from Bharuch, Gujarat
- Location has synergistic proximity to petrochemicals industry and excellent connectivity with Dahej and Hazira Port
- Fully automated process plant developed completely with in-house technology





# Long Term Relationships with Customers over 40 Countries

## R & D and Quality Assurance

- Experienced, capable & innovative team of R & D scientists.
- Ultra Modern Laboratories & Pilot Plant Facilities
- Latest Analytical Instruments



## Products & Product Forms

- Wide Range of Rubber Chemical Products
- Varied Product Forms

## Sales, Marketing & Technical Service

- Market Responsive Approach
- Strong MTS Team to offer Technical Services

**ONE STOP SHOP with WIDE RANGE**  
**to suit MARKET REQUIREMENTS**

These are ingredients in rubber compounds which deter the ageing and inhibit degradation due to oxygen attack of rubber products, thereby enhancing service life

**ANTI-DEGRADANTS/  
ANTI-OXIDANTS**

- Increase the speed of vulcanization
- Permit vulcanization to proceed at lower temperature & with greater efficiency

**ACCELERATORS**

**OTHER  
APPLICATIONS**

- Pre vulcanization inhibition, Post vulcanization stabilization, Latex based applications etc.
- Improving Thermal Stability of cross links in rubber products





### **Research & Technology Development**

- NOCIL's Research Centre at Navi Mumbai recognized by Ministry of Science and Technology, Govt. of India
- Key Areas Focused upon
  - Process Development, scale up, commercial implementation
  - Environmental strategies for sustainable growth
  - Research initiatives as per customers' perceived needs

### **Quality Assurance**

- Quality Management System with a focus on Quality of Raw materials, Finished Products as well as in Process Sample Analysis
- The Quality Control Laboratory operates round the clock and is equipped with the latest Analytical Instruments & Equipment's



### **Certifications**

- ISO 50001:2018
- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- ISO/IEC 17025:2017
- Responsible Care Certification by Indian Chemical Council
- IATF 16949:2016

## Why NOCIL is a “Supplier of Choice”



### Dependable Player

Dependable & Quality Player with self-sufficiency in key intermediates.



### Wide Range of Products

Presence across the entire range of Rubber chemicals i.e. 23 product basket



### Environment Friendly Processes

Continuous investments done to adopt various innovative environmental technologies for long-term sustainability



### Product Testing & Validation

Approved & registered vendor with Major Domestic & International Tyre Players offering Technical Support to customers for Rubber Products / Process Development



### Pipeline of New Generation Rubber Chemicals

Development of Niche products using innovative technologies & Green chemistry concepts and new generation environmentally sustainable processes for growth



### Entry Barrier

Customers take from 6-18 months to give approval on plant specific basis & same is carried out for various locations globally

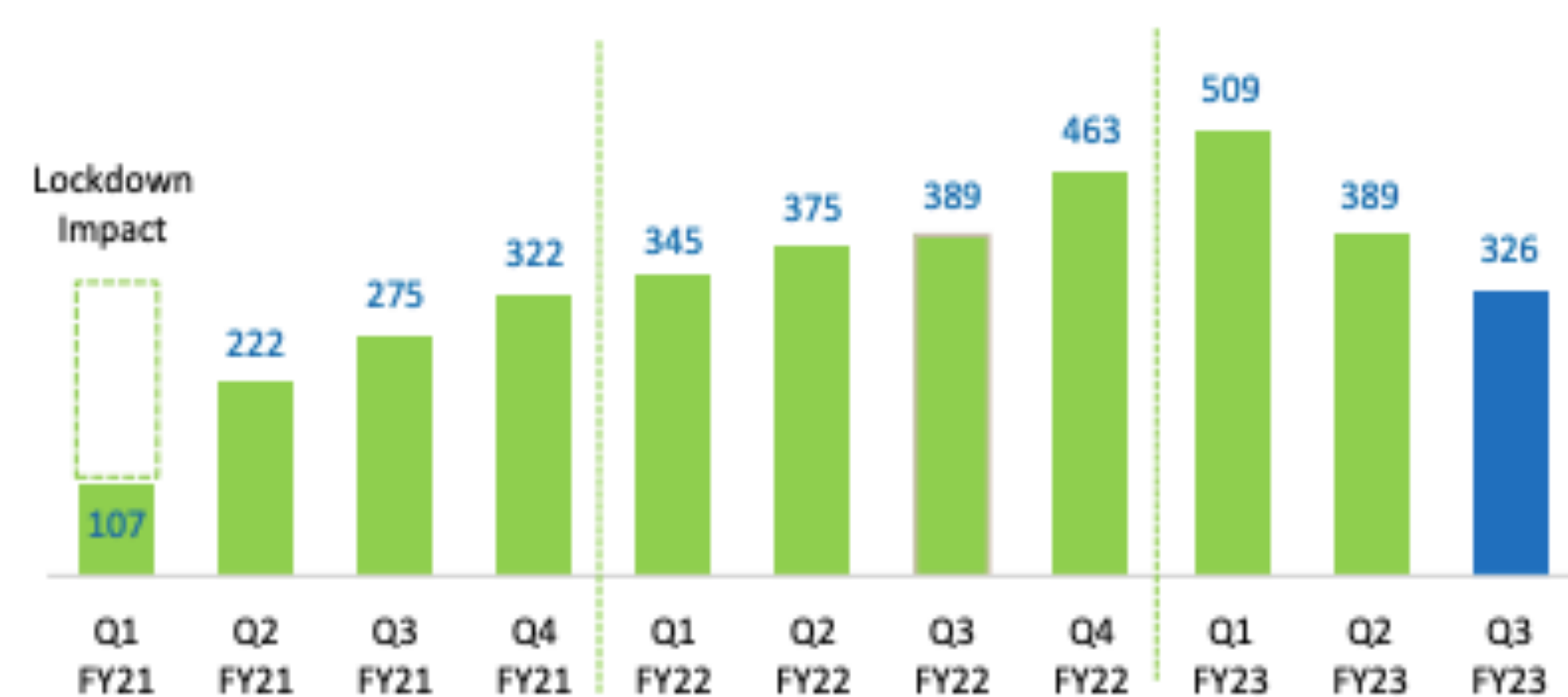


## Sales Volume\* (Index)



\*Base to 100; considering Q1FY20 base period

## Revenue from Operations (Rs. In crores)



- Domestic volumes remains robust on YTD basis.
- On a sequential basis, exports have been flat whereas domestic has de-grown.
- Volumes in Q4FY23 expected to improve sequentially.

- YTD Dec 22 revenues registered a growth of 10% on Y-o-Y basis.
- As indicated earlier, selling prices experienced downward correction in line with the input price corrections.
- Revenue in Q4FY23 expected to improve sequentially.



Yearly Results

YEARLY RESULTS OF NOCIL (in Rs. Cr.)	MAR '22	MAR '21	MAR '20	MAR '19	MAR '18
Net Sales/Income from operations	1,571.31	924.66	846.29	1,042.90	967.64
Total Income From Operations	1,571.31	924.66	846.29	1,042.90	967.64
EXPENDITURE					
Consumption of Raw Materials	945.24	478.76	367.19	495.56	444.19
Purchase of Traded Goods	2.72	1.42	2.60	2.29	2.94
Increase/Decrease in Stocks	-88.65	24.45	18.05	-31.03	-6.51
Employees Cost	80.81	70.05	76.73	70.21	71.19
Depreciation	48.34	37.43	33.74	24.31	24.03
Other Expenses	345.02	219.17	203.49	213.15	190.43
P/L Before Other Inc., Int., Excpt. Items & Tax	237.83	93.38	144.49	268.41	241.37
Other Income	3.88	14.72	9.17	9.96	14.55
P/L Before Int., Excpt. Items & Tax	241.71	108.10	153.66	278.37	255.92
Interest	1.09	0.97	1.32	0.63	1.22
P/L Before Exceptional Items & Tax	240.62	107.13	152.34	277.74	254.70
P/L Before Tax	240.62	107.13	152.34	277.74	254.70
Tax	64.51	18.72	21.67	92.89	84.77
P/L After Tax from Ordinary Activities	176.11	88.41	130.67	184.85	169.93
Net Profit/(Loss) For the Period	176.11	88.41	130.67	184.85	169.93
Net P/L After M.I & Associates	176.11	88.41	130.67	184.85	169.93
Equity Share Capital	166.57	166.22	165.61	165.42	164.48
Reserves Excluding Revaluation Reserves	1,273.85	1,113.05	1,013.79	993.37	882.19
EPS BEFORE EXTRA ORDINARY					
Basic EPS	10.58	5.33	7.89	11.19	10.35
Diluted EPS	10.55	5.32	7.89	11.13	10.22
EPS AFTER EXTRA ORDINARY					
Basic EPS.	10.58	5.33	7.89	11.19	10.35
Diluted EPS.	10.55	5.32	7.89	11.13	10.22

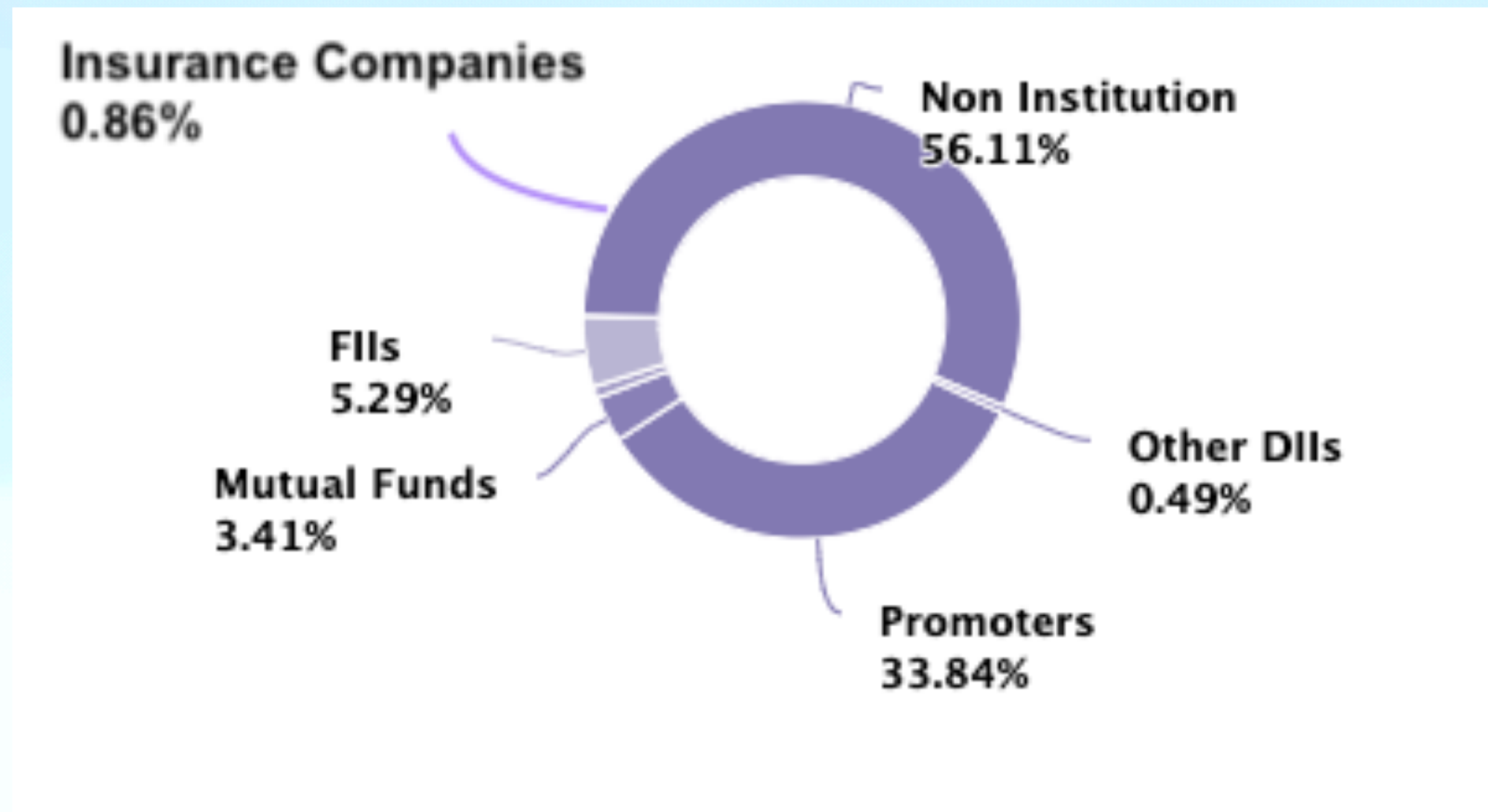


# Key Financial Ratios

KEY FINANCIAL RATIOS OF NOCIL (in Rs. Cr.)	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
PER SHARE RATIOS					
Basic EPS (Rs.)	10.58	5.33	7.89	11.19	10.35
Diluted EPS (Rs.)	10.55	5.32	7.89	11.13	10.22
Cash EPS (Rs.)	13.47	7.57	9.93	12.64	11.79
Book Value [ExclRevalReserve]/Share (Rs.)	86.76	77.29	71.57	70.31	63.64
Book Value [InclRevalReserve]/Share (Rs.)	86.76	77.29	71.57	70.31	63.64
Revenue from Operations/Share (Rs.)	94.33	55.63	51.10	63.05	58.83
PBDIT/Share (Rs.)	17.41	8.76	11.32	18.30	17.02
PBIT/Share (Rs.)	14.51	6.50	9.28	16.83	15.56
PBT/Share (Rs.)	14.45	6.45	9.20	16.79	15.49
Net Profit/Share (Rs.)	10.57	5.32	7.89	11.17	10.33
NP After MI And SOA / Share (Rs.)	10.57	5.32	7.89	11.17	10.33
PROFITABILITY RATIOS					
PBDIT Margin (%)	18.45	15.73	22.14	29.02	28.93
PBIT Margin (%)	15.38	11.69	18.15	26.69	26.44
PBT Margin (%)	15.31	11.58	18.00	26.63	26.32
Net Profit Margin (%)	11.20	9.56	15.44	17.72	17.56
NP After MI And SOA Margin (%)	11.20	9.56	15.44	17.72	17.56
Return on Networth/Equity (%)	12.18	6.88	11.02	15.89	16.23
Return on Capital Employed (%)	15.38	7.69	11.80	21.62	14.56
Return on Assets (%)	9.62	5.47	9.06	12.81	12.60
Total Debt/Equity (X)	0.00	0.00	0.00	0.00	0.00
Asset Turnover Ratio (%)	0.92	57.26	58.67	72.30	71.79
LIQUIDITY RATIOS					
Current Ratio (X)	3.25	2.96	3.03	3.77	3.81
Quick Ratio (X)	1.97	2.17	2.06	2.67	2.95
Inventory Turnover Ratio (X)	3.79	5.58	6.20	6.11	6.23
Dividend Payout Ratio (NP) (%)	18.89	0.00	76.35	26.91	20.93
Dividend Payout Ratio (CP) (%)	14.82	0.00	60.68	23.78	18.33
Earnings Retention Ratio (%)	81.11	0.00	23.65	73.09	79.07
Cash Earnings Retention Ratio (%)	85.18	0.00	39.32	76.22	81.67
COVERAGE RATIOS					
Interest Coverage Ratios (%)	266.10	111.44	116.41	441.86	209.77
Interest Coverage Ratios (Post Tax) (%)	266.10	111.44	116.41	441.86	209.77
VALUATION RATIOS					
Enterprise Value (Cr.)	4,139.10	2,821.79	1,075.88	2,391.73	3,115.28
EV/Net Operating Revenue (X)	2.63	3.05	1.27	2.29	3.22
EV/EBITDA (X)	14.27	19.39	5.74	7.90	11.13
MarketCap/Net Operating Revenue (X)	2.64	3.14	1.29	2.33	3.25
Retention Ratios (%)	81.10	0.00	23.64	73.08	79.06
Price/BV (X)	2.88	2.26	0.92	2.09	3.01
Price/Net Operating Revenue	2.64	3.14	1.29	2.33	3.25
Earnings Yield	0.04	0.03	0.12	0.08	0.05



## Shareholding Pattern an on Dec'22





# Summary

- ❖ With deliverance of steady performance in Q3 of FY'23, the Company's Net Sales were Rs.325.72 crs in Dec'22 on contrary to Rs.388.91 crs in Dec'21. Whereas, the Net Profits stood as Rs.18.62 crs in Dec'22 as compared to Rs.29.79 crs in Dec'21. Additionally, the Statement of Changes in Equity witnessed an increase in the Equity Capital i.e. Rs.166.63 crs in Dec'22 juxtapose to Rs.166.52 crs in Dec'21.
- ❖ Analysing the Company's 9 months performance, it delivered good numbers, with Net Sales up by 10.39% i.e. Rs.1223.85 crs in Dec'22 versus Rs.1108.57 crs in Dec'21. However, the Net Profits increased by 12.72% i.e. Rs.120.83 crs in Dec'22 as compared to Rs.107.19 crs in Dec'21. In addition to this, the Statement of Changes in Equity witnessed an increase in the Equity Capital i.e. Rs.166.63 crs in Dec'22 juxtapose to Rs.166.52 crs in Dec'21.
- ❖ Viewing healthy fundamentals and sound financials, the Company is available at a fair price of Rs.213.80 with its 52 week low at Rs.199.10 and 52 week high at Rs.294.90.
- ❖ The Shareholding Pattern as on Dec'22, shows Promoters held 33.84% holdings, the FIIs and the Other DIIs collectively stood with 5.78% stake. Whilst, the Mutual Fund Houses own 3.41% holdings in the Company.
- ❖ NOCIL Ltd. is held by CANARA ROBECO MF, BANDHAN MF, LIC MF, EDELWEISS MF and a few more.
- ❖ On consolidated basis, the Company registered Return on Equity (ROE) and Return on Capital Employed (ROCE) around 12.18% & 15.38% respectively as on Mar'22.
- ❖ For the year ending Mar'22, NOCIL Ltd. has declared an equity dividend of 30.00% i.e. Rs.3.00 per equity share. The Company has a good dividend track report and has consistently declared dividends for the last 5 years.



# Disclosure

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