9 August 2025

1QFY26 Results Update | Sector: Chemicals

NOCIL

Estimate changes	↓
TP change	↓
Rating change	⟷

Bloomberg	NOCIL IN
Equity Shares (m)	167
M.Cap.(INRb)/(USDb)	29.1 / 0.3
52-Week Range (INR)	309 / 155
1, 6, 12 Rel. Per (%)	-6/-25/-40
12M Avg Val (INR M)	131

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	13.9	14.7	16.6
EBITDA	1.3	1.5	2.0
PAT	1.1	0.9	1.3
EPS (INR)	6.4	5.6	7.6
EPS Gr. (%)	-18.3	-12.6	35.6
BV/Sh.(INR)	105.0	108.9	114.1
Ratios			
Net D:E	-0.0	0.1	0.1
RoE (%)	6.3	5.3	6.8
RoCE (%)	6.0	4.9	6.2
Payout (%)	31.0	31.0	31.0
Valuations			
P/E (x)	27.0	30.9	22.8
P/BV (x)	1.7	1.6	1.5
EV/EBITDA (x)	21.4	20.5	15.3
Div. Yield (%)	1.1	1.0	1.4
FCF Yield (%)	(3.3)	(0.7)	1.1

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	33.8	33.8	33.8
DII	5.2	5.3	4.5
FII	6.7	8.2	7.8
Others	54.4	52.8	53.9

FII Includes depository receipts

CMP: INR174 TP: INR190 (+9%) Neutral

Muted outlook with limited near-term growth prospects

Operating performance below our estimates

- 1QFY26 was a muted quarter for NOCIL, with revenue declining 10% YoY to INR3.3b, while EBITDA margin contracted 190bp YoY to 8.8% due to continued pricing pressure in the domestic market.
- While export volumes have begun to moderate, we factor in the weak domestic market outlook—driven by sustained pricing pressure amid high competitive intensity and a global slowdown in latex—and accordingly cut our FY26/FY27 earnings estimates by 12%/10%. We reiterate our Neutral rating on the stock with a TP of INR190, based on 25x FY27E EPS.

Soft quarter impacted by lower volumes and realizations

- NOCIL reported revenue of INR3.4b (est. of INR3.5b), down 10% YoY, due to a decrease in sales volume by 8% YoY to 13.5tmt.
- Gross margin stood at 42.5% (up 80bp YoY), while EBITDA margin contracted 190bp YoY to 8.8% due to a decrease in realization by 2% YoY to INR249.7/kg (INR255.3/kg in 1QFY25), driven by dumping pressure in the domestic market.
- Employee cost as a % of sales stood flat YoY at ~7%, while other expenses as a % of sales stood at ~27%, compared to ~24% in 1QFY25.
- EBITDA stood at INR296m (est. of INR400m), down 26% YoY, and PAT decreased 39% YoY to INR166m in 1QFY26 (est. INR252m).
- EBITDA/kg stood at INR22 in 1QFY26 (est. ~INR29), down 19% YoY.

Highlights from the management commentary

- **Anti-dumping Duty:** In order to mitigate the impact of dumping in the domestic market, the company has filed anti-dumping petitions with the Indian government for certain products, which collectively contribute around 40-45% of its total revenue. These petitions are currently under investigation, with outcomes anticipated over the coming months.
- **Capex:** Ongoing capex of INR2.5b is underway, with 30% already spent as of Mar'25. New capacity is expected to contribute from 2HFY27 onwards, with the commercialization of new products anticipated by the end of the year.
- **Latex:** The company indicated that US tariffs and geopolitical factors have adversely impacted latex product exports, resulting in moderated growth. Management anticipates a temporary softness in demand from latex-based customers in upcoming quarters, while structural growth is expected to continue in the non-latex segment, supported by ongoing customer diversification efforts.

Valuation and view

- NOCIL is focused on expanding its capacity, with the new facility expected to come online in FY27. The company is also working on diversifying its geographical presence beyond the US into regions such as Europe, Asia, and Latin America to mitigate uncertainties related to US tariffs.
- However, we expect pricing pressure in the domestic market to persist, driven by heightened competitive intensity. Additionally, the slowdown in auto components and latex industries is likely to continue, weighed down by weak demand trends and limited near-term recovery catalysts.

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- Consequently, we revise our FY26/FY27 earnings estimate downwards by 12%/10% and reiterate our Neutral rating on the stock with a TP of INR190, based on 25x FY27E EPS.

Standalone - Quarterly Earning Model **(INR m)**

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Gross Sales	**3,722**	**3,627**	**3,181**	**3,397**	**3,362**	**3,553**	**3,765**	**3,989**	**13,927**	**14,669**	**3,499**	**-4%**
YoY Change (%)	-6.2	3.4	-6.6	-4.7	-9.7	-2.0	18.4	17.4	-3.6	5.3	-6.0	
Gross Margin (%)	41.7%	43.3%	44.4%	41.6%	42.5%	42.0%	42.0%	42.9%	42.7%	42.4%	44.9%	-2.4%
EBITDA	**398**	**371**	**238**	**335**	**296**	**331**	**385**	**451**	**1,342**	**1,463**	**400**	**-26%**
Margin (%)	10.7	10.2	7.5	9.9	8.8	9.3	10.2	11.3	9.6	10.0	11.4	-2.6
Depreciation	128	130	132	132	133	140	145	152	523	577	135	
Interest	5	5	4	4	4	5	6	6	18	24	4	
Other Income	100	88	148	54	64	91	111	130	389	395	76	
PBT	**364**	**324**	**249**	**254**	**222**	**276**	**346**	**424**	**1,191**	**1,257**	**337**	**-34%**
Tax	92	-91	64	50	57	69	87	106	115	316	85	
Rate (%)	25.3	-28.0	25.7	19.7	25.4	25.2	25.2	25.1	9.7	25.2	25.2	
Reported PAT	**272**	**415**	**185**	**204**	**166**	**206**	**259**	**318**	**1,076**	**940**	**252**	**-34%**
Adj PAT	**272**	**415**	**185**	**204**	**166**	**206**	**259**	**318**	**1,076**	**940**	**252**	**-34%**
YoY Change (%)	-18.9	54.3	-37.8	-50.4	-39.1	-50.2	39.7	56.0	-18.1	-12.6	-7.5	
Margin (%)	7.3	11.4	5.8	6.0	4.9	5.8	6.9	8.0	7.7	6.4	7.2	-2.3
Operational parameters												
Total Volume Sold (tmt)	14.6	14.3	12.9	13.4	13.5	13.8	14.5	15.2	39.3	41.0	13.9	-3%
Implied Realization (INR/kg)	255.3	254.1	247.4	254.2	249.7	256.6	260.3	261.8	354.5	357.7	252.3	-1%
EBITDA (INR/kg)	27.3	26.0	18.5	25.1	22.0	23.9	26.6	29.6	34.2	35.7	28.9	-24%

Exhibit 1: One-year forward P/E

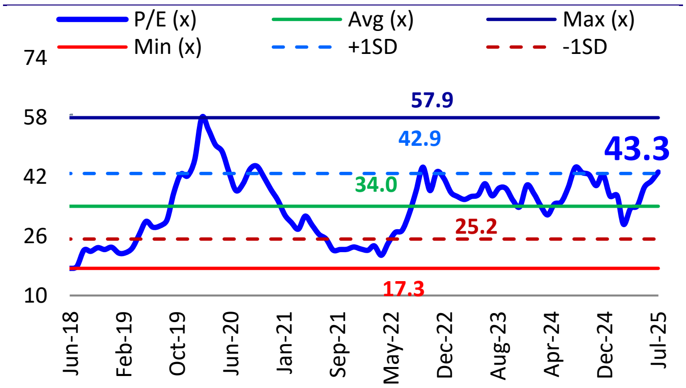
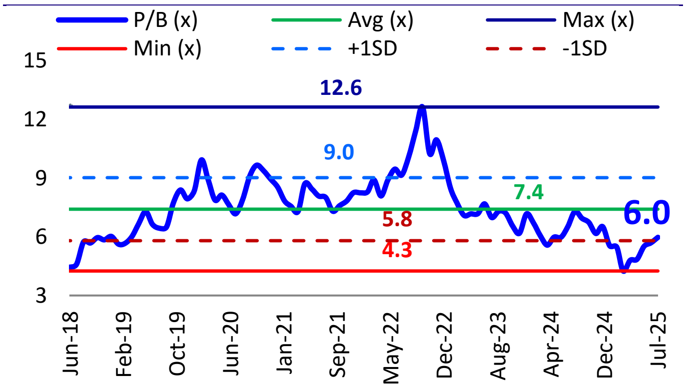


Exhibit 2: One-year forward P/B



Story in charts – 1QFY26

Exhibit 3: Sales volume down 8% YoY

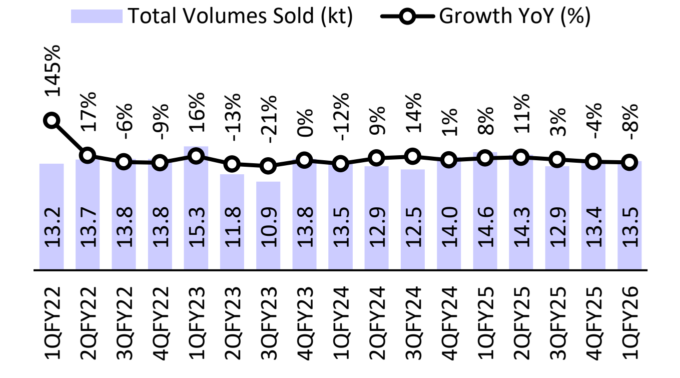


Exhibit 4: EBITDA/kg was INR22 in 1QFY26

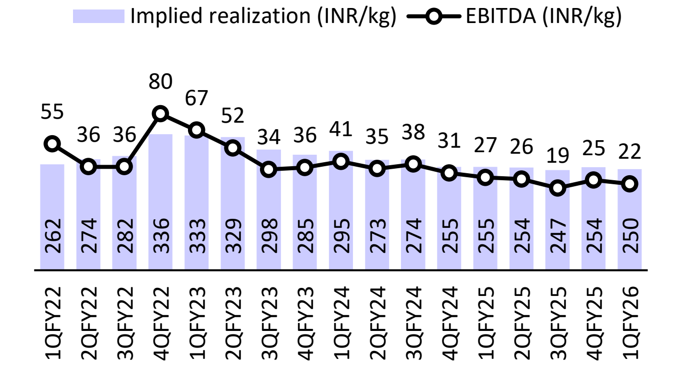


Exhibit 5: Sales down 10% YoY, realization at INR249.7/kg

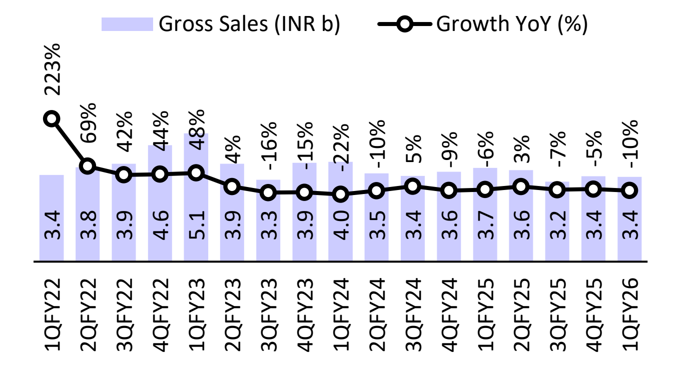


Exhibit 6: Gross margin at 42.5%, with EBITDAM at 8.8%

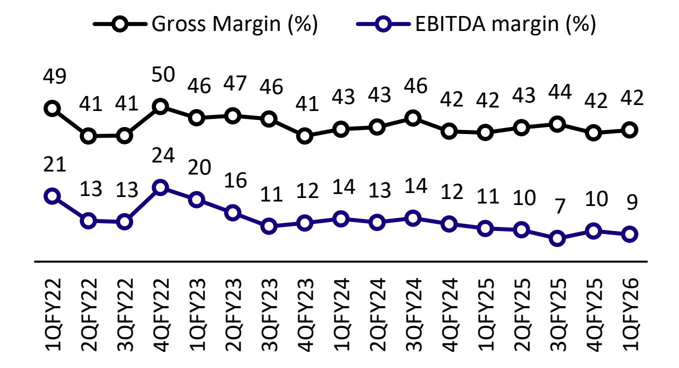
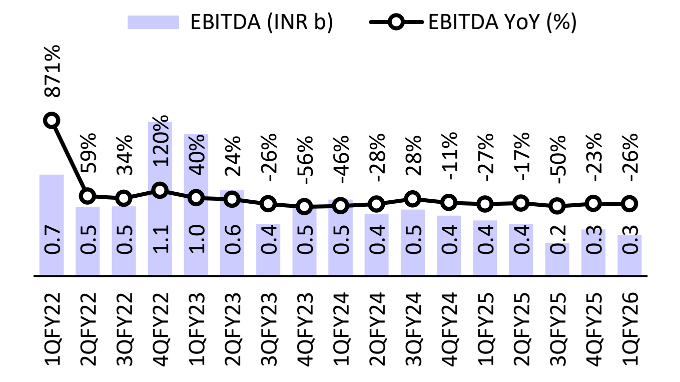
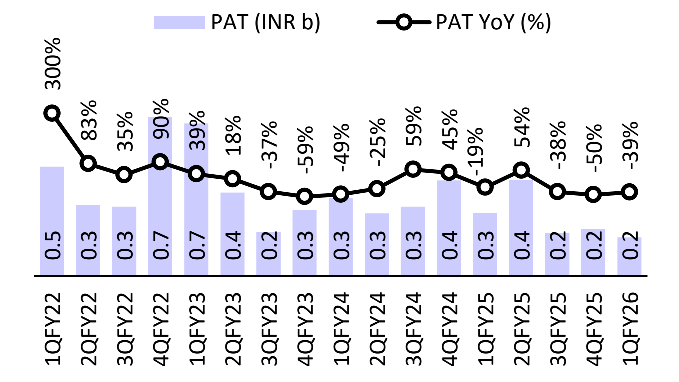


Exhibit 7: EBITDA down 26% YoY to INR296m



Source: Company, MOFSL

Exhibit 8: PAT down 39% YoY to INR166m



Source: Company, MOFSL

CONFERENCE CALL

Earnings concall highlights

- The company holds a 40% market share in the domestic rubber chemicals segment.
- Revenue and volumes remained largely stable on a QoQ basis
- The company discussed the ongoing INR2.5b capex, with 30% spent as of Mar’25. Revenue generation from this expansion is expected in 2HFY27. Current capacity utilization stands at 65-67%.
- Management also highlighted new product development in advanced stages of customer trials, with commercialization expected by year-end. These new products can initially be manufactured within existing facilities.
- Export volumes continued to show moderate growth, partially offsetting domestic market pressures.
- Management addressed the impact of a 50% tariff from India on exports, particularly to the US market, which represents 4-5% of its business. It is exploring other avenues in Europe, Asia, and Latin America. It also noted the impact of US tariffs on latex products, which moderated export growth to 3-3.5% in the quarter.
- The domestic market continues to face dumping pressure, impacting competitiveness and pricing dynamics.
- To address domestic dumping concerns, the company has filed anti-dumping petitions with the Government of India on select products, which together account for approximately 40-45% of its overall business. The outcome is currently under government investigation and is expected in the coming months.
- The tire sector is expected to post mid-single-digit growth.
- In the upcoming quarters, the company anticipates a temporary impact on demand from latex-based customers, while non-latex segments are expected to grow structurally.
- Rubber chemical demand in India grew 3.1%, while China registered 1.9% growth. Other international markets witnessed contraction during the period.
- The company has commenced supplies to Japanese customers and is currently at various stages of engagement.
- The company operates on eight strategic levers—Market, Innovation, Portfolio, Investment, People, Excellence, Digitalization, and Sustainability—designed to enhance capabilities, strengthen customer value, and drive consistent long-term growth.
- The company continues to prioritize operational efficiency, optimal asset utilization, and product diversification.
- Raw material prices, particularly for key inputs like aniline, have been trending downward.
- The company secured aniline at competitive prices in 2QFY26. Most of the adverse impact on margins was absorbed in 1QFY26, with limited residual impact expected in the current quarter.
- As of Mar’25, the company incurred approximately 30% of its planned capex.
- The company targets an asset turnover ratio of 1.8-2.2x for rubber chemical production from this facility.

- Trial production is expected to commence in 1HFY26, subject to customer approvals, with revenue contribution anticipated from 2HFY26.
- Certain products fall under Free Trade Agreements (FTA) with countries such as Thailand, South Korea, China, and the European Union, which support cost competitiveness in export markets.
- Over the long term, the company aims to achieve a 10% share in the global rubber chemicals market, which would require sustaining a 10% CAGR over the next few years.

INR m

Particulars	Actual/ Revised			Previous			Change (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Revenue (INR m)	13,927	14,669	16,635	13,927	15,132	17,159	0%	-3%	-3%
EBITDA (INR m)	1,346	1,463	1,968	1,346	1,613	2,123	0%	-9%	-7%
PAT (INR m)	1,076	940	1,275	1,076	1,067	1,416	0%	-12%	-10%
EPS (INR)	6.4	5.6	7.6	6.4	6.4	8.5	0%	-12%	-10%

Financial story in charts

Exhibit 9: Capacity and utilization snapshot for NOCIL

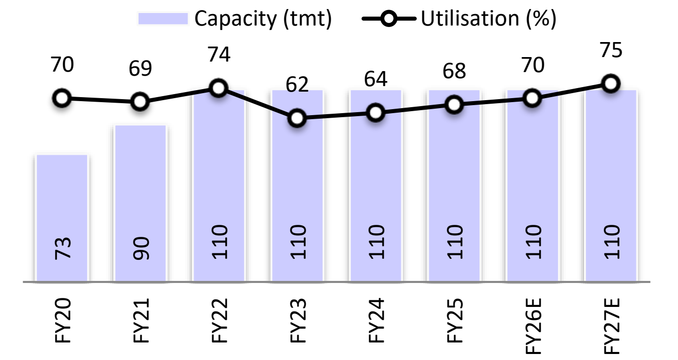


Exhibit 10: Expect 6% volume CAGR over FY25-27

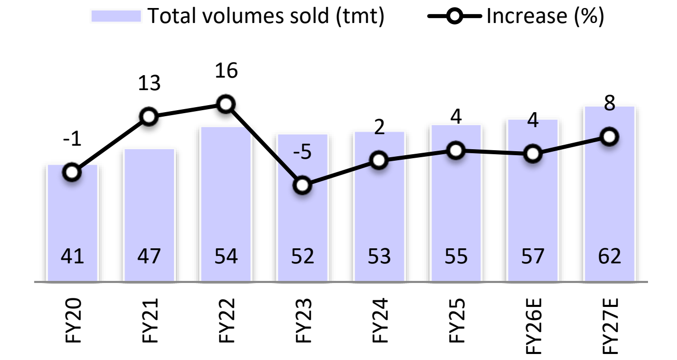


Exhibit 11: Exports to constitute ~30% of total revenue

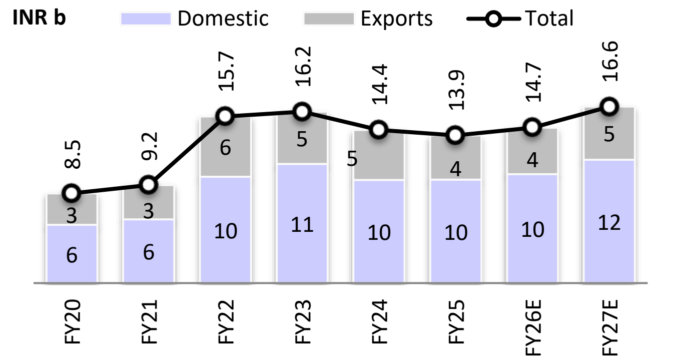


Exhibit 12: Realization and EBITDA per kg snapshot

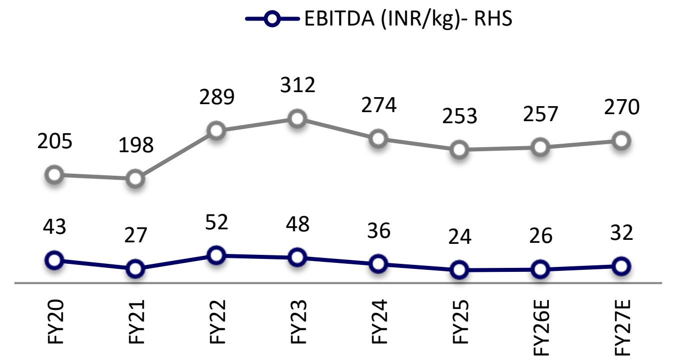


Exhibit 13: EBITDAM profile

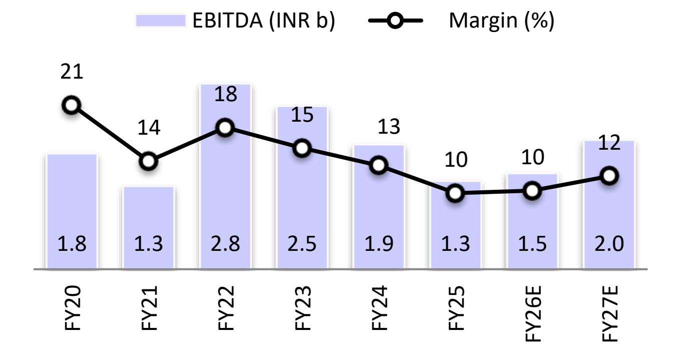


Exhibit 14: Adjusted PAT trend

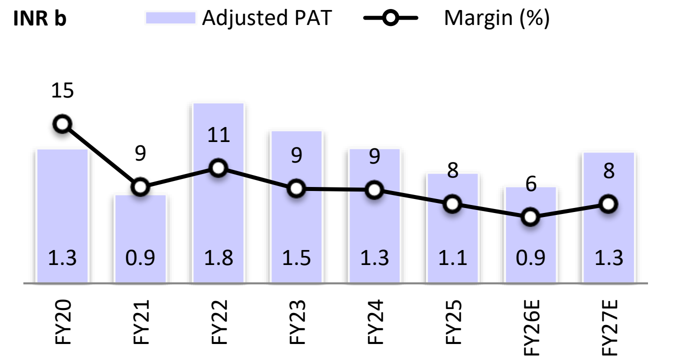


Exhibit 15: Return profile of NOCIL

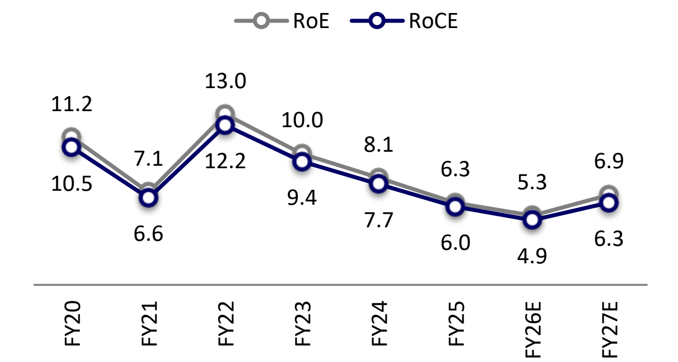
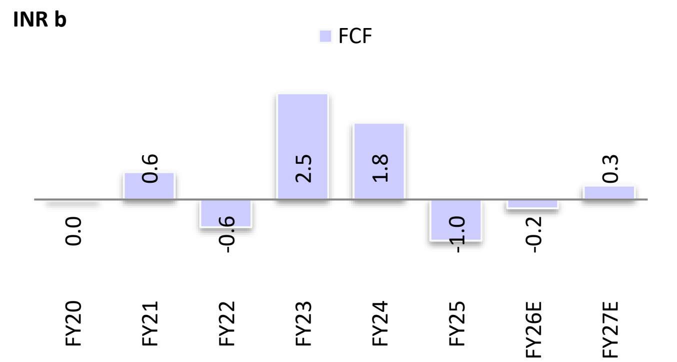


Exhibit 16: FCF trend



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**	**14,669**	**16,635**
Change (%)	*-18.9*	*9.3*	*69.9*	*2.9*	*-10.6*	*-3.6*	*5.3*	*13.4*
Gross Margin (%)	*54.2*	*45.4*	*45.3*	*45.1*	*43.6*	*42.7*	*42.4*	*42.4*
EBITDA	**1,765**	**1,269**	**2,829**	**2,490**	**1,904**	**1,346**	**1,463**	**1,968**
Margin (%)	*20.8*	*13.7*	*18.0*	*15.4*	*13.2*	*9.7*	*10.0*	*11.8*
Depreciation	324	361	471	544	515	523	577	632
EBIT	**1,440**	**909**	**2,358**	**1,946**	**1,389**	**823**	**885**	**1,336**
Int. and Finance Charges	13	10	11	12	16	18	24	31
Other Income	97	143	48	73	399	386	395	399
PBT bef. EO Exp.	**1,524**	**1,042**	**2,396**	**2,007**	**1,771**	**1,191**	**1,257**	**1,704**
PBT after EO Exp.	**1,524**	**1,042**	**2,396**	**2,007**	**1,771**	**1,191**	**1,257**	**1,704**
Total Tax	214	177	636	520	458	115	316	429
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**	**940**	**1,275**
Adjusted PAT	**1,310**	**865**	**1,760**	**1,487**	**1,314**	**1,076**	**940**	**1,275**
Change (%)	*-28.9*	*-34.0*	*103.4*	*-15.5*	*-11.7*	*-18.1*	*-12.6*	*35.6*
Margin (%)	*15.5*	*9.4*	*11.2*	*9.2*	*9.1*	*7.7*	*6.4*	*7.7*

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	16,513	17,393
Net Worth	**11,760**	**12,735**	**14,339**	**15,403**	**16,850**	**17,534**	**18,183**	**19,063**
Total Loans	0	0	0	0	0	0	1,200	1,300
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**	**20,455**	**21,435**
Gross Block	9,789	11,374	11,783	12,114	12,459	12,846	14,645	15,470
Less: Accum. Deprn.	2,111	2,472	2,943	3,487	4,002	4,524	5,101	5,734
Net Fixed Assets	**7,678**	**8,902**	**8,840**	**8,627**	**8,457**	**8,322**	**9,543**	**9,736**
Capital WIP	1,563	140	82	85	161	598	947	947
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**	**8,050**	**9,097**
Inventory	1,361	1,653	3,326	2,847	2,227	2,811	2,960	3,357
Account Receivables	2,032	3,086	4,498	3,460	3,402	3,102	3,267	3,705
Cash and Bank Balance	128	797	154	551	940	263	243	244
Cash	84	441	116	213	903	228	558	558
Bank Balance	44	356	38	338	37	35	35	35
Loans and Advances	791	587	589	528	702	1,499	1,579	1,790
Curr. Liability and Prov.	**1,633**	**2,297**	**2,795**	**1,940**	**1,906**	**1,838**	**1,936**	**2,196**
Account Payables	892	1,710	2,174	1,283	1,184	1,186	1,249	1,416
Other Current Liabilities	511	378	414	453	535	458	482	547
Provisions	230	210	207	204	188	195	205	233
Net Current Assets	**2,680**	**3,824**	**5,772**	**5,445**	**5,365**	**5,836**	**6,113**	**6,901**
Appl. of Funds	**12,647**	**13,691**	**15,367**	**16,471**	**18,058**	**18,606**	**20,455**	**21,435**

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**	**5.6**	**7.6**
EPS Growth (%)	*-28.9*	*-34.0*	*103.0*	*-15.5*	*-11.7*	*-18.3*	*-12.6*	*35.6*
Cash EPS	9.8	7.4	13.4	12.2	11.0	9.6	9.1	11.4
BV/Share	70.8	76.6	86.1	92.4	101.1	105.0	108.9	114.1
DPS	4.5	2.0	3.0	3.0	3.0	2.0	1.7	2.4
Payout (%)	76.0	38.5	28.4	33.6	38.1	31.0	31.0	31.0
Valuation (x)								
P/E	22.1	33.4	16.5	19.5	22.1	27.0	30.9	22.8
Cash P/E	17.7	23.6	13.0	14.3	15.9	18.2	19.1	15.2
P/BV	2.5	2.3	2.0	1.9	1.7	1.7	1.6	1.5
EV/Sales	3.4	3.0	1.8	1.8	1.9	2.1	2.0	1.8
EV/EBITDA	16.3	22.2	10.2	11.4	14.7	21.4	20.5	15.3
Dividend Yield (%)	2.6	1.2	1.7	1.7	1.7	1.1	1.0	1.4
FCF per share	-0.1	3.9	-3.9	15.0	10.8	-5.8	-1.2	2.0
Return Ratios (%)								
RoE	11.2	7.1	13.0	10.0	8.1	6.3	5.3	6.8
RoCE	10.5	6.6	12.2	9.4	7.7	6.0	4.9	6.2
RoIC	12.6	6.8	13.1	10.3	7.8	5.6	4.5	6.3
Working Capital Ratios								
Fixed Asset Turnover (x)	1.2	1.1	1.8	1.9	1.7	1.7	1.6	1.7
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	4.2	4.1
Interest Coverage Ratio	109.1	94.6	220.4	163.6	85.7	46.2	36.9	42.7
Net Debt/Equity ratio	0.0	-0.1	0.0	0.0	-0.1	0.0	0.1	0.1

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	1,257	1,704
Depreciation	324	361	471	544	515	523	577	632
Direct Taxes Paid	-510	-1	-591	-500	-393	-335	-316	-429
(Inc.)/Dec. in WC	515	-372	-2,549	783	471	-798	-297	-787
CF from Operations	**1,772**	**904**	**-318**	**2,776**	**1,961**	**240**	**1,245**	**1,152**
(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**	**-205**	**327**
Other investing activity	**746**	**-325**	**658**	**-1,856**	**-552**	**795**	**-349**	**0**
CF from Investments	**-1,044**	**-586**	**328**	**-2,140**	**-718**	**-411**	**-1,799**	**-825**
Inc./(Dec.) in Debt	0	0	0	0	0	0	1,200	100
Interest Paid	-9	-4	-6	-5	-7	-8	-24	-31
Dividend Paid	-980	-7	-332	-500	-501	-502	-291	-395
Others	-15	51	-27	-44	-46	-42	0	0
CF from Fin. Activity	**-1,004**	**40**	**-336**	**-538**	**-553**	**-505**	**885**	**-326**
Inc./Dec. in Cash	**-276**	**358**	**-325**	**98**	**690**	**-676**	**330**	**1**
Opening Balance	360	84	441	116	213	903	228	558
Closing Balance	**84**	**441**	**116**	**213**	**903**	**227**	**558**	**558**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
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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