Result Update
4th November, 2025

NOCIL Ltd
Specialty Chemicals

SELL
Target Price
150

Pricing Pressure Continues; Global Uncertainties Adding to the Woes

Est. Vs. Actual for Q2FY26: Revenue: Largely INLINE; EBITDA: MISS; PAT: MISS

Change in Estimates post Q2FY26

FY26E/FY27E: Revenue: 0%/-5%; **EBITDA:** 0%/-5%; **PAT:** 0%/-6%

Recommendation Rationale

- **Subdued Performance:** The company posted a modest 4% QoQ increase in volumes, while revenue declined 5% sequentially. Domestic sales remained resilient; however, export volumes were impacted by global macro headwinds and U.S. tariff-related challenges. Management expects steady growth in domestic volumes and gradual market share gains over the coming quarters. Despite a subdued first half, it remains confident of closing the fiscal year with positive volume growth.
- **Pricing Pressure Persists:** Revenue contraction was largely driven by sustained pricing pressure stemming from aggressive dumping by Chinese, Korean, and European rubber chemical manufacturers. Near-term headwinds remain, with management focusing on pricing discipline, product mix optimization, and cost control to limit margin dilution. While pricing appears close to the bottom, management refrained from giving a definitive recovery timeline. Cost and efficiency measures are expected to reflect more meaningfully by Q4FY26, supporting profitability. Growth momentum is expected to recover in FY27, even if competitive pricing conditions persist.
- **Uncertain Recovery Timeline:** Management remains constructive on volume recovery, supported by the revised tax structure, improving replacement demand, revival in the automotive sector, and increased infrastructure spending. A pricing rebound is anticipated in line with broader economic recovery, although visibility on timing remains limited. The company indicated that the government has acknowledged the merits of its submissions for Anti-Dumping Duty on select products; however, the final outcome will depend on regulatory processes and timelines.

Sector Outlook: Negative

Company Outlook & Guidance: NOCIL continues to struggle to strike a balance between pricing and volumes. While the management maintains a positive outlook on growth prospects with demand recovery in key sectors, uncertainties are expected to prevail in the near term.

Current Valuation: 17x Sept'27E (Earlier Valuation: 17x FY27E)

Current TP: Rs. 150/share (Earlier TP: Rs 150/share)

Recommendation: We maintain our SELL Rating on the Stock.

Financial Performance: NOCIL reported revenue of Rs 321 Cr, down 12% YoY and 5% QoQ, broadly in line with expectations. EBITDA stood at Rs 22 Cr, declining 41% YoY and 27% QoQ, missing estimates by 23%. EBITDA margin compressed to 7.0% versus 10.4% in Q2FY25. PAT came in at Rs 12 Cr, down 71% YoY and 30% QoQ, compared to expectations of Rs 15 Cr.

Outlook: NOCIL continues to operate in a challenging environment, characterized by persistent competitive pressure in the domestic market and muted volume traction. The ongoing ADD investigations remain unresolved and may take longer to conclude, creating uncertainty around market dynamics. In the meantime, the company's performance will hinge on its ability to scale export volumes in alternative markets (Ex US) and accelerate new product introductions. That said, tariff-related risks and regulatory overhang are constraining export momentum, indicating sustained near-term headwinds for growth and profitability.

Valuation & Recommendation: We have rolled forward our estimates to FY28E, while revising FY27 estimates downwards as we expect the recovery to be delayed. We now value **the stock at 17x Sep'27E EPS (**earlier – 17x FY27E)**,** with an unchanged **target price at Rs 150/share.** Given the lack of near-term catalysts, sustained pricing pressure, and delayed recovery visibility, **we maintain our SELL rating**, implying a potential downside of 17% from current levels**.**

Key Financials (Consolidated)

(Rs Cr)	Q2FY26	YoY (%)	QoQ (%)	Axis Est.	Variance
Net Sales	321	-12%	-5%	332	-3%
EBITDA	22	-41%	-27%	29	-23%
EBITDA Margin	7.0%	-346bps	-213bps	8.7%	-174bps
Net Profit	12	-71%	-30%	15	-21%
EPS (Rs)	0.7	-71%	-30%	0.9	-21%

Source: Company, Axis Securities Research

(CMP as of 3rd November, 2025)

CMP (Rs)	181
Upside /Downside (%)	-17%
High/Low (Rs)	294/155
Market cap (Cr)	3,019
Avg. daily vol. (1m) Shrs.	4,57,205
No. of shares (Cr)	16.7

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	33.76	33.76	33.76
FIIs	8.15	6.65	5.16
DIIs	5.33	5.20	6.57
Retail	52.76	54.39	54.52

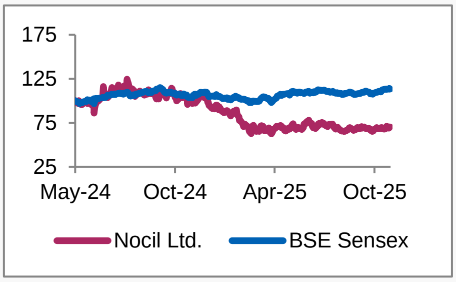
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	1,393	1,342	1,441
EBITDA	137	130	187
Net Profit	103	99	135
EPS (Rs)	6.2	6.0	8.1
PER (x)	29.3	30.4	22.3
P/BV (x)	1.7	1.6	1.5
EV/EBITDA (x)	21.8	22.4	15.1
ROE (%)	6.1%	5.3%	6.8%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	-5%
EBITDA	0%	-5%
PAT	0%	-6%

Relative Performance



Source: Ace Equity, Axis Securities Research

Results Gallery

Q1FY26
Q4FY25
Q3FY25
Q2FY25

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Key Concall Highlights

- **Volumes:** The company reported a 4% QoQ increase in volumes, though revenue declined due to sustained pricing pressure. Domestic demand remained firm, while exports were impacted by global uncertainties and U.S. tariff-related issues. Persistent price pressure, partially due to softer raw material prices but largely driven by aggressive dumping from Chinese, Korean, and European producers. The company continued to follow a balanced price–volume approach to mitigate the impact.
- **Margins:** EBITDA margin contracted to 7% from 10.4% in Q2FY25, reflecting weaker pricing. Management reiterated its focus on enhancing margins through cost optimization and operational efficiency initiatives.
- **Indian Tyre Industry:** Management indicated that the Indian tyre industry is expected to grow, supported by robust replacement demand and rising infrastructure investments, which should boost commercial vehicle tyre demand. This is likely to support tyre demand in both replacement and OEM markets. While near-term headwinds remain, the long-term outlook is positive. In the non-tyre segment, the domestic auto component industry is expected to grow, though at a slower pace compared to last year.
- **Export Market:** Customer sentiment remains cautious; overall demand continued to be challenging. Export performance is expected to remain volatile in the near term; however, management maintains a constructive long-term outlook based on sustained customer engagement and order pipeline visibility.
- **Capacity Expansion:** The ongoing ₹250 crore capex for rubber chemical expansion remains on schedule, with 75–80% of work completed by Q2. Trial production at the new Dahej facility is expected to begin in H1CY27. The project will expand NOCIL's TDQ antioxidant portfolio and leverage greener, advanced technologies aligned with its R&D strengths.
- **Capacity Utilisation:** Current utilisation stands at 65%. The new capacity is being positioned to serve high-growth segments, and the company is exploring adjacent chemistries to broaden application coverage and support future volume growth.
- **Anti-Dumping Duty (ADD):** The company's petition for ADD covering approximately 40% of its product portfolio is under review by authorities, with a final decision anticipated in the coming months.

Key Risks to Our Estimates and TP

- Change in global economic scenario, resulting in a change in demand trends.
- Anti-dumping measures in the domestic or overseas market resulting in easing of pricing pressures.
- Delays in approval from new plants can slow volume ramp-up, while the inability to fund Capex internally may either stall the expansion plans or lead to additional financing costs.

Change in Estimates

	New Estimates		Old Estimates		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Sales	1,342	1,441	1,342	1,511	0%	-5%
EBITDA	130	187	130	196	0%	-5%
PAT	99	135	99	144	0%	-6%
EPS	6.0	8.1	6.0	8.7	0%	-6%

Source: Company, Axis Securities Research

Q2FY26 Results Review

	Q2FY25	Q4FY25	Q1FY26 Axis Estm	Q1FY26	YoY (%)	QoQ (%)	Axis Variance (%)
Net Sales	363	336	332	321	-12%	-5%	-3%
Expenditure							
Net Raw Material	206	193	193	188	-8%	-3%	-2%
Gross Profit	157	143	140	132	-16%	-7%	-5%
Gross Margin (%)	*43.3%*	*42.5%*	*42.0%*	*41.2%*	-209bps	-123bps	-76bps
Employee Expenses	24	24	23	24	2%	1%	7%
Other Exp	96	88	88	86	-11%	-3%	-3%
EBITDA	38	31	29	22	-41%	-27%	-23%
EBITDA Margin (%)	*10.4%*	*9.1%*	*8.7%*	*7.0%*	-346bps	-213bps	-174bps
Other. Inc	8	7	6	10	21%	54%	85%
Interest	1	0	0	0	-34%	-5%	-13%
Depreciation	13	14	14	14	2%	0%	-1%
PBT	32	23	20	19	-43%	-20%	-9%
Tax	(10)	6	5	6	-165%	9%	31%
PAT	42	17	15	12	-71%	-30%	-21%
EPS	2.5	1.0	0.9	0.7	-71%	-30%	-21%

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Total Net Sales	**1,445**	**1,393**	**1,342**	**1,441**	**1,564**
Revenue Growth (%)	-10.6%	-3.6%	-3.6%	7.3%	8.5%
Total Raw Material Consumption	815	798	765	814	880
Staff costs	92	95	91	94	99
Other Expenditure	342	363	356	346	375
Total Expenditure	1,250	1,255	1,212	1,253	1,354
EBITDA	**195**	**137**	**130**	**187**	**210**
EBITDA Margin %	**13.5%**	**9.9%**	**9.7%**	**13.0%**	**13.4%**
Depreciation	52.8	53.6	58.7	59.5	63.3
EBIT	142	84	72	128	146
EBIT Margin %	9.8%	6.0%	5.3%	8.9%	9.3%
Interest	2	2	2	2	2
Other Income	39	32	47	43	47
PBT	180	114	117	169	191
Tax	47	11	18	34	38
PAT	**133**	**103**	**99**	**135**	**153**
EPS growth	-10.8%	-22.7%	-3.4%	36.3%	13.0%

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Equity					
Share Capital	167	167	167	167	167
Reserves & Surplus	1,532	1,595	1,695	1,830	1,983
Total Shareholders' Funds	***1,699***	***1,762***	***1,862***	***1,997***	***2,150***
Non-Current Liabilities					
Long-term Borrowings	-	-	-	-	-
Lease Liability	11	7	7	7	7
Deferred Tax Liability (Net)	125	110	110	110	110
Long Term Provisions	15	17	17	18	19
Total Non-Current Liabilities	***151***	***134***	***134***	***135***	***136***
Current Liabilities	-	-	-	-	-
Short-Term Borrowings	-	-	-	-	-
Trade Payables	118	118	129	138	150
Lease Liability	2	3	3	3	3
Other Financial Liability	28	31	31	31	31
Total Current Liability	***166***	***160***	***171***	***180***	***192***
Total Liabilities	***317***	***295***	***305***	***315***	***328***
Total Equity & Liabilities	**2,015**	**2,057**	**2,166**	**2,312**	**2,478**
Non-Current Assets					
Property, Plant & Equipment	866	851	1,092	1,083	1,120
Financial Assets: Investments	119	123	54	65	70
Financial Assets: Others	10	10	10	10	10
Non-Current Tax Assets (net)	17	24	24	24	24
Other Non-Current Assets	8	52	7	7	8
Total Non-Current Assets	***1,039***	***1,123***	***1,191***	***1,193***	***1,236***
Current Assets:					
Inventories	223	281	246	272	296
Trade Receivable	340	310	309	332	360
Investments	281	243	243	243	243
Cash and Cash Equivalents	92	30	110	201	268
Other Current Assets	28	56	54	58	63
Total Current Assets	***976***	***934***	***975***	***1,119***	***1,243***
Total Assets	**2,015**	**2,057**	**2,166**	**2,312**	**2,478**

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
PBT	180	114	117	169	191
Depreciation & Amortization	53	54	59	60	63
Chg in Working cap	48	-80	93	-43	-44
Direct tax paid	-40	-34	-18	-34	-38
Cash flow from operations	**201**	**26**	**253**	**154**	**174**
Chg in Gross Block	-811	-829	-240	-50	-100
Chg in Investments	0	0	0	0	0
Proceeds on redemption of Fin. Assets	703	768	69	-11	-6
Cash flow from investing	**-77**	**-37**	**-171**	**-61**	**-106**
Cash flow from financing	**-55**	**-50**	**-2**	**-2**	**-2**
Chg in cash	**68**	**-62**	**80**	**91**	**67**
Cash at start	24	92	30	110	201
Cash at the end	92	30	110	201	268

Source: Company, Axis Securities Research

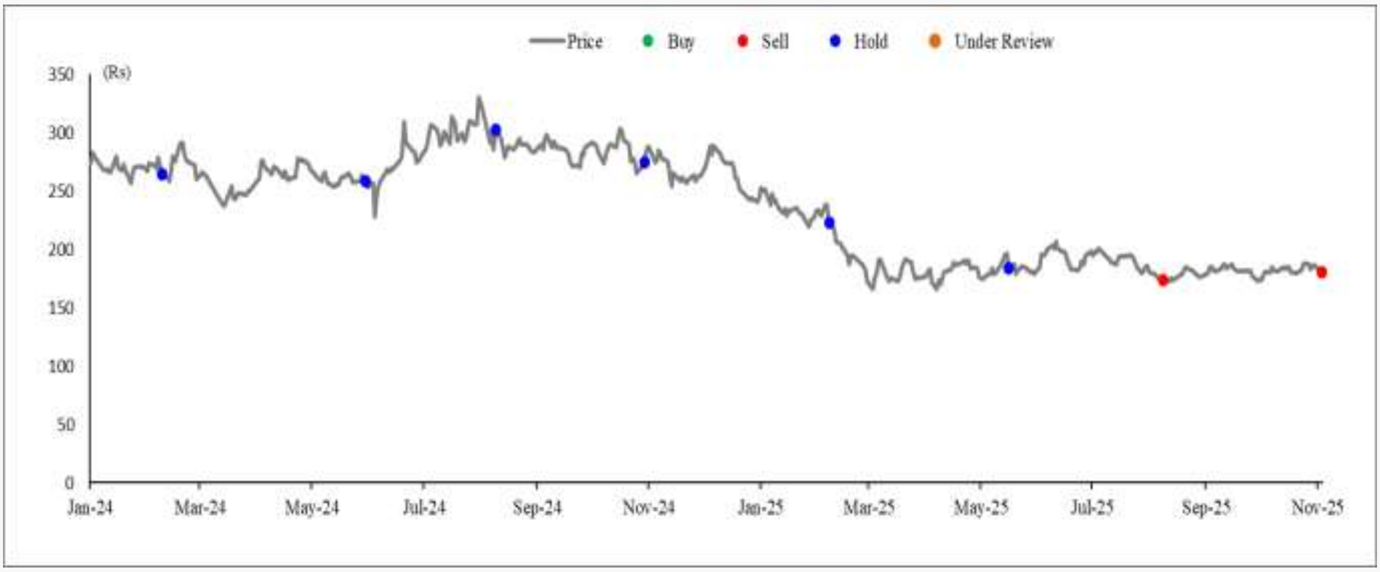
Ratio Analysis

(%)

Key Ratios	FY24	FY25	FY26E	FY27E	FY28E
Growth (%)					
Net Sales	-10.6%	-3.6%	-3.6%	7.3%	8.5%
EBITDA	-22.8%	-29.5%	-5.2%	43.8%	11.9%
APAT	-10.8%	-22.7%	-3.4%	36.3%	13.0%
Per Share Data (Rs)					
Adj. EPS	8.0	6.2	6.0	8.1	9.2
BVPS	101.9	105.5	111.5	119.6	128.7
Profitability (%)					
EBITDA Margin	13.5%	9.9%	9.7%	13.0%	13.4%
Adj. PAT Margin	13.5%	7.7%	7.4%	9.4%	9.8%
ROCE	7.7%	4.4%	3.6%	6.0%	6.4%
ROE	11.5%	6.1%	5.3%	6.8%	7.1%
ROIC	8.7%	5.0%	3.9%	6.9%	7.5%
Valuations (X)					
PER	22.7	29.3	30.4	22.3	19.7
P/BV	1.8	1.7	1.6	1.5	1.4
EV / EBITDA	15.0	21.8	22.4	15.1	13.1
EV / Net Sales	2.0	2.1	2.2	2.0	1.8
Turnover Days					
Asset Turnover	1.1	1.1	0.9	0.9	0.9
Inventory days	64.1	66.1	67.0	69.0	69.0
Debtors days	86.7	85.2	84.0	84.0	84.0
Creditors days	31.0	31.0	35.0	35.0	35.0
Working Capital Days	119.8	120.3	116.0	118.0	118.0

Source: Company, Axis Securities Research

Nocil Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
10-Feb-24	HOLD	245	Result Update
31-May-24	HOLD	242	Result Update
12-Aug-24	HOLD	274	Result Update
30-Oct-24	HOLD	295	Result Update
10-Feb-25	HOLD	240	Result Update
19-May-25	HOLD	200	Result Update
11-Aug-25	SELL	150	Result Update
4-Nov-25	SELL	150	Result Update

Source: Axis Securities Research

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BUY	More than 10%
HOLD	Between 10% and -10%
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