NOCIL Limited

October 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	100.00	CARE AA; Stable	Assigned
Long-term bank facilities	175.00	CARE AA; Stable	Reaffirmed
Short-term bank facilities	425.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of NOCIL Limited (NOCIL) continue to derive strength from its dominant position in the domestic rubber chemicals industry along with long-standing and well-established relationships with large domestic and international players in the tyre industry, strong financial risk profile marked by healthy capital structure, debt coverage and liquidity.

However, these strengths are partially offset by intense competition from cheap imports, which has adversely impacted its operating performance in FY25 (refers to April 01 to March 31) and Q1FY26, susceptibility of profitability to volatile raw material prices, and sizable dependence on the tyre and automobile industries.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial increase in global market share backed by improved exports, resulting in more diversified operations.
- Sustained improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin at more than 25%, while maintaining strong capital structure and liquidity.

Negative factors

- Significant reliance on debt for funding of growth plans leading to moderation in net debt/PBILDT beyond 1x on a sustained basis.
- Changes in government regulations pertaining to production and sales of certain products, significantly impacting its business and profitability.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated approach owing to operational, financial and managerial linkages between NOCIL and its subsidiary. Entities consolidated have been listed under Annexure-6.

Outlook: Stable

CareEdge Ratings believes that NOCIL shall continue to benefit from its leadership position in the domestic rubber chemicals industry, while maintaining its strong financial risk profile.

Detailed description of key rating drivers:

Key strengths

Leadership position in the domestic rubber chemicals industry

NOCIL has over four decades of experience in manufacturing rubber chemicals. Over the years, it maintained a leadership position in the domestic rubber chemicals market with a product portfolio comprising over 20+ rubber chemicals. The company has an estimated market share of ~40% in the domestic rubber chemicals industry. Furthermore, the company has a presence in over 40 countries and enjoys long-standing relationships with its customers.

'China plus one' sourcing strategy being adopted by global tyre majors augurs well for NOCIL

China is the largest producer of rubber chemicals globally. International tyre majors are gradually diversifying their sourcing of rubber chemicals to de-risk supply chain from overdependence on China. This presents a sizable opportunity for NOCIL, which enjoys preferred supplier status due to its long association with most international tyre majors and offers a wide range of rubber chemicals backed by research and development (R&D) capabilities. Share of exports in the company's total sales witnessed a sustained increased over the years from 31% in FY23 to 36% in FY25.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Strong financial risk profile

Over the years, NOCIL has funded its capex and working capital requirements through internal accruals, while maintaining healthy dividend payout. The company utilises only its non-fund-based working capital limits for procurement of raw materials. As a result, NOCIL's capital structure remains robust, with overall gearing and total debt/PBILDT standing comfortable at 0.03x and 0.38x, respectively, as on March 31, 2025. Total debt includes lease liabilities and acceptances.

NOCIL plans to avail ₹100 crore term loan in FY26 for funding its ongoing capex of ₹250 crore towards setting up of capacity for one of its products, TDQ in Dahej. The capex is expected to be completed in H1FY27. Financial profile is expected to remain strong over the medium term.

Liquidity: Strong

NOCIL's liquidity continues to remain strong, marked by nil term debt repayment obligations in the near term, unutilised fund-based limits of ₹150 crore and healthy cash and liquid investments of ₹208 crore (excluding investments of ₹65 crore in unquoted FD) as on March 31, 2025. The company utilises its non-based limits in the form of BG for procurement of raw materials, utilisation of which stood minimal at 2.65% in the last twelve months ended July 31, 2025. The company's liquidity is further underpinned by its healthy current ratio of 5.75x as on March 31, 2025. With overall gearing at 0.03x as on March 31, 2025, the company has sufficient headroom to raise need-based debt for its capex.

Key weaknesses

Moderation in operating performance in FY25 and Q1FY26

NOCIL's total operating income (TOI) declined by ~4% year-on-year (y-o-y) to ₹1392 crore in FY25, primarily due to a 9% y-o-y decline in overall realisations considering dumping led pricing pressure. Decline in revenue was partially offset by volume growth of 5% y-o-y, supported by strong growth of 12% y-o-y in export sales. Domestic volumes witnessed a modest growth of 2% y-o-y due to dumping from China, South Korea, Thailand and EU. Domestic sales contributed 64% to the total revenue in FY25. PBILDT margin moderated to 9.81% in FY25 compared to 13.43% in FY24, primarily due to such pricing pressure and decline in scale of operations.

Operating performance continued to remain subdued in Q1FY26. TOI declined by 10% y-o-y to ₹336 crore on the back of 8% y-o-y decline in sales volume and ~2% y-o-y decline in realisation. The company continued to face dumping pressure from China, impacting domestic sales volume. Consequently, PBILDT margin moderated to 9.10% in Q1FY26. Operating performance is expected to remain subdued in FY26 given dumping led pressure in the domestic market and weak global demand. The company has filed anti-dumping petition w.r.to key products sold by the company, which contributed over 40% to the revenue in FY25. Investigation for this is underway. Imposition of any anti-dumping duty shall remain crucial for improvement in NOCIL's profitability going forward.

Competition from cheap imports

NOCIL faces competitive pressure from dumping of rubber chemicals in the Indian market, mainly from China, South Korea, Thailand and EU. Being a major producer of rubber chemicals in the world, China contributes significantly to the global exports. Chinese and other Asian manufacturers benefit from lower production costs and economies of scale, leading to pricing pressure and reduced margins for domestic producers. Amidst large imports, the company has been maintaining competitive pricing to retain its market share. Earlier, the company was protected to the extent of anti-dumping duty (ADD) imposed by Government of India on import of some of its products, however, these duties were withdrawn in July 2019. Currently, the company is seeking for imposition of anti-dumping duty on some of its key products. The imposition of which shall remain crucial for growth in domestic sales volume.

Profitability exposed to raw material price volatility

Most of NOCIL's raw materials including benzene, chlorinated aromatics, and amines among others, are predominantly crude derivatives. Thus, raw material price volatility has a bearing on NOCIL's profitability margins. NOCIL usually enters fixed-price volume contracts, for a quarter, with key customers, while remaining customers are contracted on a spot basis. There has been a declining trend in raw material prices for the company. However, higher decline in finished product prices, on the back of oversupply caused by dumping from China and other nations, have impacted the operating profit margin for the company. Profitability remains exposed to adverse input price movements against selling price.

High dependence on automobile and tyre industry resulting in sector concentration risk

The automobile industry is the major consumer of rubber and rubber chemicals for manufacturing tyres and other auto components. It constitutes ~70-80% of rubber chemicals demand. NOCIL's revenue thus remains exposed to performance of automobile and tyre industry. CareEdge Ratings expects stable domestic demand prospects for rubber chemicals, primarily backed by stable demand prospects for tyres aided by replacement demand. Furthermore, recent reduction of GST rates on automobiles, should augur favourably for the original equipment manufacturer (OEM) demand.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by company
Environment	The company has adopted a range of initiatives to mitigate environmental risks associated with its operations. The company uses eco-friendly fuel sources and power sources to reduce GHG emissions. The company has undertaken measures to control emissions of particulate matter to reduce airborne pollutants. The company ensures proper wastewater handling and disposal, whereas it seeks to minimise hazardous waste through reducing, reusing, and recycling strategies and proper disposal mechanism. The company has obtained ISO certifications for both of its units to ensure compliance with latest environmental risk mitigation measures.
Social	In FY25, NOCIL incurred ₹4.02 crore expense on CSR activities in line with requirements under The Companies Act, 2013. The company continues to provide adequate training to its employees on health and safety measures, skill upgradation and adequate insurance coverage for them.
Governance	The company ensures compliance with corporate governance practices as laid down by SEBI (LODR) Regulations, 2015. The company has seven independent directors on its 9-member board of directors with one independent woman director. The company has put in place grievances redressal mechanisms to address concerns of stake holders including investors, employees, and value chain partners among others. In FY25, the company has appropriately held meetings of audit committee, risk management committee, and CSR committee among others.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non-financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & petrochemicals	Specialty chemicals

Incorporated in 1961, NOCIL, Arvind Mafatlal group company, is engaged in manufacturing rubber chemicals and intermediates and is one of the leading producers in the domestic market. As on June 30, 2025, promoter group held 33.76% equity stake in NOCIL. NOCIL manufactures ~22 types of rubber chemicals, which can be broadly classified under three grades, accelerators, antidegradants/antioxidants, and speciality chemicals. These products find application in industries, including tyre and automobile, industrial and consumer rubber products, and other segments of rubber processing industry. The company's manufacturing facilities are located in Navi Mumbai, Maharashtra, and Dahej, Gujarat, with total installed capacity of 115,124 tonnes per annum (including intermediates) as on March 31, 2025. NOCIL also exports to ~40 countries across the world with export sales contributing to ~36% of its total revenue in FY25.

Brief Financials of NOCIL (₹ crore) - Consolidated	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	1,443.47	1,391.76	336.22
PBILDT	193.84	136.48	30.58
PAT	132.98	102.86	17.26
Overall gearing (times)	0.03	0.03	NA
Interest coverage (times)	119.65	76.25	82.65

A: Audited UA: Unaudited; NA: Not available;
Note: these are latest available financial results
Financials are reclassified per CareEdge Ratings Standards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	Proposed			100.00	CARE AA; Stable
Fund-based-Long Term	-	-	-	-	175.00	CARE AA; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	425.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-BG/LC	ST	425.00	CARE A1+	-	1)CARE A1+ (26-Dec-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (30-Aug-22)
2	Fund-based-Long Term	LT	175.00	CARE AA; Stable	-	1)CARE AA; Stable (26-Dec-24)	1)CARE AA; Stable (09-Oct-23)	1)CARE AA; Stable (30-Aug-22)
3	Fund-based - LT-Term Loan	LT	100.00	CARE AA; Stable	-	-	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based-Long Term	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	PIL Chemicals Limited	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754-3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754-3404 E-mail: saikat.roy@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91-22-6754-3453 E-mail: ranjan.sharma@careedge.in Hardik Manharbhai Shah Director **CARE Ratings Limited** Phone: +91-22-6754-3591 E-mail: hardik.shah@careedge.in Rabin Bihani Associate Director **CARE Ratings Limited** Phone: +91-22-6754-3592 E-mail: Rabin.bihani@careedge.in

About us:
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