

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs516	12.7	Accumulate	Rs625	21%

\*as on 07th May, 2026

### About the Company:

Paushak Limited (Paushak) is one of the few companies in India (as well as globally) which is engaged in the development and manufacturing of phosgene based speciality chemicals which require stringent standards and regulations to be followed. Founded in 1972, a part of Alembic Group, Paushak has an experience of more than three decades in phosgene chemistry. Phosgene related products and intermediates have a number of applications in the segment of pharmaceutical, agrochemical and performance chemicals. The company also undertakes toll/contract manufacturing for phosgenation to produce carbamoyl chloride, isocyanate, chloroformates and urea. Paushak is a manufacturer and exporters of isocyanates, chloroformates, carbamoyl chlorides, chloromethyl isopropyl carbonate. The company has proven capability in process development with strong commitment for quality. The manufacturing facility is located at Halol, Gujarat. Paushak is promoted by Mr. Chirayu Amin.

### Results: Quick Glance:

- The company has reported net sales of Rs551mn as compared to Rs524mn in Q4FY25, growth of 5.3%
- The Ebitda margins for the quarter under review stood at 30.34% as compared to 30.33% in Q4FY25
- The net profit came in at Rs125mn as against Rs96mn in the same quarter last year
- EPS for the quarter under review stood at Rs5.07 as compared to Rs3.90 in the corresponding quarter last year
- For FY26, the revenues came in at Rs2186mn as compared to Rs2110mn; growth of 3.6% while the PAT stood at Rs393mn as against Rs494mn. The EPS came in at Rs15.95 as against Rs20.03 in FY25
- The Board has recommended a dividend of Rs2.50 per equity share of FV of Rs5 each for FY26

### Financials:

Performance (Q4&FY26)									
Q4&FY26 Result (Rs mn)	Mar-26	Mar-25	y-o-y	Dec-25	q-o-q	FY26	FY25	y-o-y	FY27E
Total Revenue	551	524	5.3%	488	13.0%	2186	2110	3.6%	2360
EBITDA	167	159	5.4%	114	46.6%	608	597	1.9%	661
Other Income	82	1	-	10	-	121	142	(15.0%)	87
Interest	10.2	0.6	-	0.1	-	11.1	1.4	-	2.8
Depreciation	79	37	-	50	59.6%	214	150	42.8%	217
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	35	26	34.4%	13	-	111	94	18.0%	116
Net Profit	125	96	30.1%	62	-	393	494	(20.4%)	412

**Outlook and Recommendations:** The company has delivered a stable operational performance during Q4FY26 with a steady revenue growth, while Ebitda margins were more or less flattish but maintained at similar levels on a y-o-y basis; sequentially there has been a significant improvement. The company has reported growth in profitability despite the broader specialty chemical industry still witnessing pricing pressure, especially from Chinese competition in bulk phosgene derivatives. The increase in the interest costs is basically due to asset expansion as well as early capex commissioning which is quite evident in the balance sheet. Despite all these costs, the company has been demonstrating high quality of earnings as well as good cash conversion cycles. The PAT has improved sharply due to a strong rise in other income which has been a driver for the overall profitability. The sharp jump in fixed assets and inventory indicates that the company is building capabilities in order to execute large orders. The future growth will come only once these new assets start contributing. Historically, the company operated as a debt free entity with good investments and healthy other income generation. The balance sheet is shifting towards a **growth oriented structure** where capital is being actively deployed into manufacturing assets and expansion projects. Despite this, the company continues to maintain a strong credit profile with CRISIL reaffirming its ratings while enhancing the overall banking limits, indicating lender confidence in the ongoing expansion cycle and future cash flow visibility.

**Outlook and Recommendations (contd.):**

Going forward, operational earnings and capacity utilization will become a key factor to look at where the overall growth is anticipated to come in phases. FY26 was more of a year for building up the foundation where the company had prioritized expansion/replacement of the equipment in a phase wise manner. The foundation for the growth parameters are gradually being set up and the translation of the same into a better topline will be a key parameter to watch for. The product mix is something that has to be keenly tracked as this can impact the near and long term margins. Though the Management has been guiding for gradual decrease in the margins fetched, they seem to be outperforming the guidance consistently. The new capacities or change in product mix can lead to margins being stable in the range of ~25-28%, the same can be compensated by higher volumes which can be beneficial and translate the long term story into a volume driven entity. One must also understand the fact that the slow growth momentum has stable margins currently and despite the high customer concentration risk with a limited scale for production, Paushak has been reporting good numbers. The company continues to have an excellent balance sheet while serving the clients with a strong niche in the chemistry which Paushak excels in with the industry tailwinds gradually shifting in favour of the company. As the new facilities start contributing revenue, asset utilization is likely to improve with all the triggers mentioned above; we continue to maintain our target price to Rs625.

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