

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs335	Rs450	34%	167.2	Hold

*as on 28th Oct, 2026

About the Company:

Sumitomo Chemical India Ltd. (SCIL) is a subsidiary of Sumitomo Chemical Company Limited (SCC), Japan, which is a diversified global chemical company. SCIL manufacture, imports and markets products for crop protection, grain fumigation, rodent control, bio pesticides, environmental health, professional pest control and feed additives for use in India. SCIL has 5 manufacturing facilities (4 in Gujarat and 1 in Maharashtra), as well as 4 branches and 68 depots across India. SCIL has a strong brand with a market leading position across its varied product categories. Dr. Suresh Ramachandran is the Managing Director.

Results: Quick Glance:

- The net sales for the quarter reported a drop of 2.4% at Rs9073mn as compared to Rs9298mn in Q2FY26
- The Ebitda margins for the quarter under review stood at 20.5% as compared to 23.4% in Q2FY26
- The company reported profit of Rs1574mn as compared to Rs1778mn in the same quarter last year
- The EPS for the quarter stood at Rs3.14 as compared to Rs3.56 in the corresponding period of last year
- For H1FY27, the revenues came in at Rs19,707mn as compared to Rs19,866mn; drop of 0.8% while the PAT stood at Rs3719mn as against Rs3559mn. The EPS came in at Rs7.45 as against Rs7.13 in H1FY26

Conference Call Highlights:

- The **domestic business** remained relatively resilient (revenue reported a marginal growth of 2% on a y-o-y basis at Rs7740mn), while **exports** (reported a drop of ~23% on a y-o-y basis at Rs1270mn) faced near-term pressure led by **shipment deferments and inventory liquidation** by the parent company, particularly in **Japan and South America**. The overall export volume impacted was at ~10%. For H1FY27, the total export sales stood at ~Rs3bn; Africa, South America, Asia and Europe each reported a growth of ~15%
- The **product breakup** for H1FY27 stood as: Insecticides ~38%, PGR ~9%, Fungicides ~8%, Herbicides ~25%, Metal Phosphides ~9%, AND & EHD ~11%. The Bulk and Branded **domestic** mix stood at ~21% and ~79% respectively; whereas at the **exports** level the mix stood at ~59% and ~41% respectively. During the quarter under review, insecticides reported a drop of ~9%, herbicides and fungicides each declined ~6%, metal phosphides grew ~13%, PGRs reported a growth of ~9% and AND & EHD grew by ~18%. Growth in Metal Phosphides and AND & EHD helped offset weakness across other product categories during H1FY27
- SCIL's key specialty brands, including sumimax, meshi, excalia max, portion, progibb, nature deep, cuflow and rumpus, grew ~22% in value terms during H1FY27 despite the challenging monsoon. The company strengthened its product portfolio with the launch of 2 proprietary products; **Topgrain** (biostimulant), the **first global launch** of a promising product developed by its affiliate, Sumitomo Bio-rational Company, USA and **Helibex** (insecticide; Helibex was launched from August). The company launched **Topgrain** ~6-8 weeks ago to a limited set of farmers with limited supplies. The response so far has been encouraging and the Management expects to launch a full-fledged version of this product across India probably next year. **Excalia Max** (Indiflin) has been launched in a few countries (the initial feedback so far has been well accepted in the US and Brazil) whereas the registrations are yet to be received in a few other countries. The maturity stage for this product is ~4-5 years. The overall growth for this product stood at ~50% in the Indian markets during H1FY27 despite a challenging environment. At the **Tarapur** site, this product would be manufactured at a much smaller level for now in order to meet the Indian requirements and the Management doesn't foresee any firm export plan for Indiflin from the domestic markets for the time being. The Management envisions a potential opportunity for **glyphosate** (to be used as a substitute) followed by a recent govt. ban in India for paraquat; however, the extent of opportunity would be evaluated based on seasonal conditions
- SCC Japan recently signed an **MoU with a leading semiconductor player** in India who is setting up its 1st fabrication plant and is expected to be operational over the next 1-2 years. The parent company has a global semiconductor chemicals business and is evaluating opportunities for the domestic market. Although SCIL is actively a part of the strategic discussions undertaken with the customers; SCIL hasn't signed any MoU so far with any of the prospective clients. Once the project achieves a mature status, the role of SCIL would be defined thereafter accordingly
- At **Tarapur**, the investment plan for 2 projects is ~Rs100mn each in order to add ~3-4 additional products. Phase 1 is expected to be completed in FY27E whereas phase 2 would arrive at its completion stage towards the end of FY28E. The focus area of growth is towards the domestic markets

Conference Call Highlights (contd.):

- The estimated capex for the greenfield project at **Dahej** is ~Rs1500mn. The projects scheduled continues to be on track with commercialisation targets intact for Q2FY29. The single herbicide intermediate being developed at this site for SCC is anticipated to contribute to overall sales tentatively from CY28E (either July/Oct) with a probability of preponing it as well if it deems fit. Apart from this, the Management expects ~4-5 additional products to be launched by SCC in the near term; future projects are expected to happen over the next 5-10 years. For any further investments at this site, the Board would evaluate the same subject to the approval from the SCC's Board panel as well. Dahej site **payback period** is expected to be lesser than 5 years, an **asset T/O** to be fairly at good levels whereas the **margins** are expected to be more or less inline with the overall company level margins
- The overall **working capital days** as of Sept 2026 stood at ~76 days as against ~55 days in Sept 2025. Inventory days increased to 115 days from 95 days, primarily due to price increases and softer inventory liquidation during Q2FY27. The company however has initiated corrective measures to progressively normalise inventory levels during H2FY27. The collections in H1FY27 stood at ~Rs22.31bn as compared to ~Rs22.77bn in H1FY26 reflecting continued focus on collections and receivables management. Cash & cash equivalents as on 30th Sept 2026 stood at ~Rs25.23bn. The annual maintenance capex is estimated at ~Rs500-700mn. The company does not have a sales return policy as the teams ensure whatever is sold is liquidated and the Management expects sales returns to be very minuscule and will not impact H2FY27

Financials:

Performance (Q2FY27)									
Q2FY27 Result (Rs mn)	Sept-26	Sept-25	y-o-y	Jun-26	q-o-q	H1FY27	H1FY26	y-o-y	FY27E
Total Revenue	9073	9298	(2.4%)	10633	(14.7%)	19707	19866	(0.8%)	33991
EBITDA	1858	2180	(14.8%)	2333	(20.4%)	4191	4372	(4.2%)	6832
Other Income	436	388	12.3%	473	(7.8%)	909	776	17.1%	1507
Interest	19	22	(13.9%)	20	(3.8%)	39	39	0.7%	82
Depreciation	173	168	3.1%	172	0.2%	345	325	6.2%	706
Exceptional Items	0	0	-	269	-	269	0	-	269
Tax	528	601	(12.2%)	737	(28.4%)	1265	1226	3.2%	1911
Net Profit	1574	1778	(11.5%)	2145	(26.6%)	3719	3559	4.5%	5909

Outlook and Recommendations:

On account of the challenges faced at the industry level in the Indian agrochemical sector led by unpredictable monsoons, prolonged dry spells and ~13% rainfall deficit; all of these factors impacted the crop sowing as well as agrochemical products consumption invariably affecting the demand across key categories of insecticides, herbicides and fungicides. This has also impacted SCIL's performance resulting in a lower volume during the quarter under review. The company witnessed largely stable selling prices, however, **sales volumes** declined by a high-single-digit percentage with impact on the margins as well; however, the H1FY27 margin profile remained broadly comparable to historical levels. The Management has indicated that the inventory cost pressure has normalised towards the end of Q2FY27 as procurement costs and selling prices have aligned with the market levels. While the domestic revenues reported a marginal growth, the overhang was seen in the exports markets. The inventory liquidation for SCC's portfolio is expected to recover over the subsequent quarters. The Management expects the exports markets to have a minimal impact of the same in FY27E whereas FY28E should get back to normal levels for the overseas markets.

In terms of **product development**, new molecules from the parent's portfolio are showing a strong traction with trials that are already underway; thus, the company expects to launch atleast 1-2 products every year. Apart from Brazil, US, Europe and Japan, India is now emerging as one of the important destinations for undertaking testing and product launches which serves to be beneficial for SCIL from a long-term perspective. All the past announced capex plans are progressing as per the internal estimates set by the Management with additional investments/product developments announcements to be evaluated as and when needed. The company is also already working on several opportunities at the Dahej site for additional products where technical studies are already done and once these projects are approved by the parent company the same can get onstream. The company continues to evaluate opportunities to deploy its surplus cash through strategic investments, acquisitions or expansion within its existing businesses.

Outlook and Recommendations (contd.):

The Management expects H2FY27 to continue to pose a challenge due to external factors such as lower reservoir levels, extended El Nino impact and potential constraints on crop acreages; despite this setback, the company does not anticipate any adverse impact in the overall sales as well as margins (expected to continue to remain more or less similar to the historical trends). The priorities would be directed towards navigating these temporary challenges by focusing on its differentiated product portfolio, focusing on regions with favourable rainfall, particularly Uttar Pradesh and Chhattisgarh, along with select areas of Maharashtra, Karnataka and Tamil Nadu. Considering the near-term headwinds, we have reduced our estimates and target price to Rs450.

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai-400053, Maharashtra
www.progressiveshares.com | Contact No.:022-40777500

Compliance Officer:

Ms. Mamatha Poojari,
Email: compliance@progressiveshares.com,
Contact No.:022-40777500

Grievance Officer:

Email: grievancecell@progressiveshares.com