PRIVATE CLIENT GROUP | kotak Securities

Dated: 29th Oct 2025

SUMITOMO CHEMICALS INDIA LTD (SCIL) – REDUCE

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 512	**Rs. 505**

Rationale:

- SCIL reported weaker-than-expected Q2FY26 results, impacted by adverse weather that curtailed agrochemical demand.
- Revenue, EBITDA, and PAT declined 5.9%, 11.1%, and 7.7% YoY, respectively in Q2FY26.
- Continuous rainfall post brief dry spell in July hampered field activity and pesticide application.
- Management is optimistic about the Rabi season, citing adequate reservoir levels.
- Factoring in weak Q2 & export softness, earnings estimates for FY26–27E are cut by 8–13%.
- Trading at premium to peers; Maintain Reduce with revised FV of Rs505 (Vs Rs585).

Positives:

- Despite weak volumes, EBITDA margin at 23.4% was 190 bps higher than our estimates due to strong gross margins led by prudent sourcing and cost efficiencies.
- Consolidated gross margin improved 50bps bps yoy to 43.1% in Q2FY26 due to prudent sourcing and better mix.
- Upcoming Dahej greenfield project, envisioned as global manufacturing hub for parent.
- Cash & cash equivalent at the end of Q2FY26 stood at Rs2,089 cr (Vs Rs Rs1,668 cr at the end of Q4FY25).

Negatives:

- Domestic revenues declined ~4% while exports degrew ~13% yoy in Q2FY26.
- Specialty products reported ~9% yoy decline while generics degrew ~4% yoy in Q2FY26.

(EBITDA: Earnings before interest, tax, depreciation & amortization, PAT: Profit after tax)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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