

Sumitomo Chemical India

India | Fertilizers & Agricultural Chemicals | Result Update

Elara Capital

28 January 2026

Steep stock price correction warrants a relook

Sumitomo Chemical India (SUMICHEM IN) results were in line with our estimates after adjusting for the impact of a discontinued business. For continuing business, top line and EBITDA were flat. Headwinds continue to affect domestic business and exports. We expect a gradual recovery in Q4, which can pick up steam in FY27. SUMICHEM announced fresh capex of INR 1.5bn, which will be followed up with additional investments, for high potential patented molecules from the parent's product pipeline. Weakness in the domestic agrochemicals industry and unstable recovery in global markets has led to a 21% correction in the stock price in the past three months and 40% correction from the peak of INR 652. We believe this is a good entry price to add SUMICHEM as earnings recovery is around the corner. We retain **Buy** with a lower TP of INR 605 based on 42x H1FY28E EPS of INR 14.4.

Kharif inventory overhang drags domestic business: Domestic revenue declined 21% YoY to INR 3.7bn in Q3FY26, adversely affected by weaker-than-expected Kharif season, due to persistent rains in October. Rabi demand lagged expectations as delayed Monsoon withdrawal pushed back sowing activity. Continued softness in agri-input demand led to cautious distributor purchases amid tight rural liquidity. Overhang of Kharif inventory further weighed on volume. We expect growth to pick up pace from Q4, driven Rabi season demand and Kharif season placements. SUMICHEM remains focused on driving ground-level demand for high-margin specialty products and sustaining cost discipline.

Capex to strengthen manufacturing footprints: SUMICHEM has approved capex for a Greenfield plant at its Dahej site to manufacture a herbicides intermediate for supply to the parent company with an investment of INR 1.5bn, with likely commercialization in Q2FY29. Initial operations will leverage process know-how from the parent, with SUMICHEM driving subsequent process optimization and cost efficiency. In addition, the company has approved INR 0.1bn capex for fitment at the Tarapur facility to manufacture one fungicide and one herbicide molecule, utilizing existing infra to enhance asset utilization and support supplies to the parent firm. The project is set for commercialization in Q4FY28. Brownfield projects at Bhavnagar with investment of ~INR 0.6bn is underway, underscoring the company's strategy to scale up manufacturing capabilities across three locations.

Strong focus on products-led growth: The company continues to drive growth through product-led initiatives, with Excalia Max (Indiflalin) and Lentigo (Imazosulfuron) progressing as planned. Yunico, Yunico Flow (Chlorantraniliprole), and Ormie (Tebuconazole + Validamycin) showed good traction. Topgrain, a new bio-rational product, has secured registration and is slated for launch in the upcoming Kharif season.

Retain Buy with a lower TP of INR 605: Despite near-term headwinds due to adverse weather, the structural growth story is intact, via: 1) rising share of the parent's business, 2) exporting generics molecules to affiliate companies, and 3) proprietary product launch, domestically. We lower our FY26-28E EBITDA by 4-5%, dragged by the seasonal domestic business. Hence, we lower our TP to INR 605 from INR 633 on 42x (unchanged) H1FY28E P/E. We retain **Buy**.

Key financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	28,439	31,485	32,458	36,895	40,829
YoY (%)	(19.0)	10.7	3.1	13.7	10.7
EBITDA (INR mn)	4,746	6,321	6,849	8,025	9,146
EBITDA margin (%)	16.7	20.1	21.1	21.8	22.4
Adj PAT (INR mn)	3,695	5,055	5,638	6,672	7,701
YoY (%)	(26.4)	36.8	11.5	18.4	15.4
Fully DEPS (INR)	7.4	10.1	11.3	13.4	15.4
RoE (%)	15.3	18.9	18.1	18.6	18.4
RoCE (%)	17.1	21.2	20.0	20.2	19.8
P/E (x)	54.7	40.0	35.8	30.3	26.2
EV/EBITDA (x)	40.3	30.3	27.9	23.8	20.9

Note: Pricing as on 27 January 2026; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: **INR 605**

Upside: **49%**

CMP: **INR 405**

As on 27 January 2026

Key data

Bloomberg	SUMICHEM IN
Reuters Code	SUMH.NS
Shares outstanding (mn)	499
Market cap (INR bn/USD mn)	202/2,202
EV (INR bn/USD mn)	191/2,085
ADTV 3M (INR mn/USD mn)	128/1
52 week high/low	665/396
Free float (%)	25

Note: as on 27 January 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	75.0	75.0	75.0	75.0
% Pledge	0.0	0.0	0.0	0.0
FII	3.6	3.7	3.7	3.4
DII	8.2	8.2	8.5	8.7
Others	13.2	13.2	12.9	13.0

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(3.0)	1.4	10.3
Sumitomo Chemical India	(21.9)	(30.8)	(20.0)
NSE Mid-cap	(3.8)	(0.4)	10.3
NSE Small-cap	(11.5)	(11.7)	(0.5)

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	28,439	31,485	32,458	36,895	40,829
Gross Profit	10,689	12,896	13,470	15,127	16,740
EBITDA	4,746	6,321	6,849	8,025	9,146
EBIT	4,124	5,660	6,220	7,252	8,289
Interest expense	51	59	70	50	50
Other income	957	1,201	1,465	1,758	2,110
Exceptional/ Extra-ordinary items	-	-	(152)	-	-
PBT	5,029	6,802	7,463	8,960	10,349
Tax	1,332	1,738	1,957	2,258	2,608
Minority interest/Associates income	(2)	(9)	(20)	(30)	(40)
Reported PAT	3,695	5,055	5,486	6,672	7,701
Adjusted PAT	3,695	5,055	5,638	6,672	7,701
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	24,416	29,011	33,192	38,634	45,070
Minority Interest	30	39	45	50	55
Trade Payables	4,300	4,894	4,891	5,559	6,152
Provisions & Other Current Liabilities	3,701	4,758	4,544	5,139	5,668
Total Borrowings	5	-	-	-	-
Other long term liabilities	680	942	918	962	1,002
Total liabilities & equity	33,132	39,644	43,589	50,345	57,947
Net Fixed Assets	4,982	4,986	5,069	6,117	6,780
Goodwill	-	-	-	-	-
Intangible assets	870	862	882	902	922
Business Investments / other NC assets	552	3,593	3,281	3,460	3,376
Cash, Bank Balances & treasury investments	7,103	6,019	9,958	13,246	18,280
Inventories	6,104	7,037	7,114	8,086	8,949
Sundry Debtors	7,159	7,834	8,003	9,097	10,068
Other Current Assets	6,362	9,314	9,281	9,436	9,574
Total Assets	33,132	39,644	43,589	50,345	57,947
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	7,404	4,341	4,337	4,172	5,389
Capital expenditure	(637)	(295)	(1,106)	(1,800)	(1,500)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	(3,315)	(2,808)	1,465	1,758	2,110
Free Cash Flow	3,451	1,239	4,695	4,131	5,999
Cashflow from Financing	(4,130)	(2,322)	(756)	(843)	(966)
Net Change in Cash / treasury investments	(678)	(1,084)	3,939	3,288	5,034
Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share (INR)	5.3	1.2	1.4	1.6	1.8
Book value per share (INR)	48.9	58.1	66.5	77.4	90.3
RoCE (Pre-tax) (%)	17.1	21.2	20.0	20.2	19.8
ROIC (Pre-tax) (%)	24.7	28.0	26.9	29.8	31.7
ROE (%)	15.3	18.9	18.1	18.6	18.4
Asset Turnover (x)	5.8	6.3	6.5	6.6	6.3
Net Debt to Equity (x)	(0.3)	(0.2)	(0.3)	(0.3)	(0.4)
Net Debt to EBITDA (x)	(1.5)	(1.0)	(1.5)	(1.7)	(2.0)
Interest cover (x) (EBITDA/ int exp)	92.9	107.9	97.8	160.5	182.9
Total Working capital days (WC/rev)	215.1	250.4	284.5	307.0	329.2
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	54.7	40.0	35.8	30.3	26.2
P/Sales (x)	7.1	6.4	6.2	5.5	4.9
EV/ EBITDA (x)	40.3	30.3	27.9	23.8	20.9
EV/ OCF (x)	25.8	44.1	44.1	45.8	35.5
FCF Yield	1.8	0.6	2.5	2.2	3.1
Price to BV (x)	8.3	7.0	6.1	5.2	4.5
Dividend yield (%)	1.3	0.3	0.3	0.4	0.5

Note: Pricing as on 27 January 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

Standalone financials (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Variance (%)	9MFY26	9MFY25	YoY (%)
Net sales	5,518	6,224	(11.4)	9,144	(39.7)	6,147	(10.2)	25,143	24,256	3.7
Raw Materials	2,950	3,656	(19.3)	5,243	(43.7)	3,596	(18.0)	14,720	14,381	2.4
% of Net Sales	53.5	58.7	(527)bp	57.3	(387)bp	58.5	(504)bp	58.5	59.3	(74)bp
Employee Cost	623	633	(1.5)	640	(2.6)	646	(3.5)	1,926	1,860	3.6
Other Expenses	989	925	6.9	1,092	(9.5)	934	5.9	3,175	2,962	7.2
Total Expenditure	4,562	5,213	(12.5)	6,975	(34.6)	5,176	(11.9)	19,821	19,202	3.2
EBITDA	956	1,011	(5.5)	2,170	(55.9)	971	(1.6)	5,322	5,054	5.3
<i>Margin (%)</i>	17.3	16.2	108bp	23.7	(640)bp	15.8	152bp	21.2	20.8	33bp
Depreciation	158	183	(13.6)	159	(0.5)	160	(1.3)	466	477	(2.1)
EBIT	798	828	(3.7)	2,011	(60.3)	811	(1.7)	4,855	4,577	6.1
Interest	17	15	11.2	19	(12.7)	20	(17.0)	50	35	42.5
Other Income	368	313	17.7	387	(4.9)	391	(5.8)	1,141	881	29.6
Exceptional Items	(152)	-	NA	-	NA	-	NA	(152)	-	NA
PBT	1,301	1,126	15.6	2,379	(45.3)	1,182	10.1	6,099	5,423	12.5
Tax	249	283	(11.9)	600	(58.4)	298	(16.3)	1,470	1,388	5.9
<i>Tax Rate (%)</i>	19.2	25.1	(597)bp	25.2	(606)bp	25.2	(604)bp	24.1	25.6	(149)bp
RPAT	748	843	(11.3)	1,779	(57.9)	884	(15.4)	4,325	4,035	7.2
APAT	900	843	6.8	1,779	(49.4)	884	1.8	4,477	4,035	10.9
Adj EPS (INR)	1.8	1.7	6.8	3.6	(49.4)	1.8	1.8	9.0	8.1	10.9

Source: Company, Elara Securities Estimate

Working capital days rise on inventory buildup: Net working capital increased by 17 days to 135, due to inventory buildup ahead of the Rabi season. Inventory holding rose to 126 days from 114. This was offset by an improvement in receivable days to 75 from 93, underscoring effective collection efforts and tighter credit discipline despite muted demand conditions. Payable days reduced to 66 from 89, reflecting a normalization in supplier credit terms. Collections dropped 3% to INR 781mn, and cash rose 30% YoY to INR 22bn with cash per share at INR 43.

Product mix change leads to margin expansion: SUMICHEM discontinues the animal nutrition products distribution (AND) business in India, which resulted in a revenue impact of INR 720mn in Q3FY26. The AND business carried low single-digit margin, and management says such arrangements will be undertaken only in exceptional situations. Gross margin expanded by 527bp YoY to 46.5%, supported by discontinuation of low-margin AND business, a favorable product mix, and disciplined pricing, which helped offset the impact of subdued volume.

Exhibit 2: Insecticides segment up 9.4% YoY

Product-wise growth (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Insecticides	(41.0)	6.4	3.1	11.8	12.3	(2.7)	26.0	(3.3)	9.4
Herbicides	(52.1)	(34.8)	18.3	(20.2)	27.2	9.4	26.0	(17.3)	4.6
PGR	0.5	52.3	31.3	17.6	(9.6)	59.9	10.3	(21.7)	(27.5)
Metal Phosphides	12.8	2.0	14.9	6.6	14.0	2.1	26.0	22.6	2.2
Fungicides	(3.5)	(13.3)	101.0	22.5	112.2	(12.1)	(10.0)	19.4	(38.1)
AND & EHD	10.0	95.3	2.1	59.4	(8.8)	(32.8)	73.3	(21.1)	(66.9)

Source: Company, Elara Securities Research

Exhibit 3: Insecticides account for 48% revenue in Q3FY26

Product-wise breakdown (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Insecticides	40.0	44.9	35.0	42.4	39.0	43.6	35.0	43.6	48.1
Herbicides	13.0	12.5	34.0	19.1	14.3	13.7	34.0	16.8	16.9
PGR	14.0	6.9	8.0	13.6	11.0	11.0	7.0	11.3	9.0
Metal Phosphides	11.0	12.4	8.0	6.1	10.9	12.6	8.0	8.0	12.6
Fungicides	7.0	11.4	7.0	10.7	12.9	10.0	5.0	13.6	9.0
AND & EHD	15.0	13.4	8.0	8.0	11.9	9.0	11.0	6.7	4.4

Source: Company, Elara Securities Research

Exhibit 4: Domestic business declines by 21.3% YoY

Geographical sales growth (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
India	(16.6)	(3.8)	13.5	(4.4)	7.0	15.0	29.0	(4.2)	(21.3)
Africa	(44.7)	13.8	53.1	92.3	32.1	(25.4)	(5.5)	31.7	(2.9)
Japan	(64.1)	14.9	NA	199.4	72.8	(71.6)	NA	(13.0)	152.9
Asia	(28.3)	(289.7)	72.3	(38.5)	15.2	5.5	(16.0)	64.6	190.6
Europe	79.7	3.5	14.9	983.5	(54.0)	(1.4)	(37.0)	(52.9)	(55.7)
South America	(84.2)	(11.7)	72.3	284.2	318.4	(31.0)	(37.0)	(38.3)	(30.4)
North America	(28.3)	3.5	NA	NA	NA	358.4	NA	NA	NA

Source: Company, Elara Securities Research

Exhibit 5: India contributes 67% to sales mix in Q3FY26

Geographical sales breakdown (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
India	81.0	58.3	85.0	81.3	75.2	67.1	87.0	82.7	66.8
Africa	6.0	11.6	4.0	2.1	6.9	8.6	3.0	3.0	7.6
Japan	2.0	10.6	-	5.6	3.0	3.0	3.0	5.1	8.6
Asia	2.0	6.3	3.0	1.1	2.0	6.6	2.0	2.0	6.6
Europe	5.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
South America	3.0	11.6	6.0	7.9	10.9	8.0	3.0	5.1	8.6
North America	1.0	1.0	-	-	-	4.6	1.0	1.0	1.0

Source: Company, Elara Securities Research

Exhibit 6: Exports business grows 19% YoY

Sales Growth (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Domestic	(16.6)	(3.8)	13.5	(4.4)	7.0	15.0	29.0	(4.2)	(21.3)
Exports	(55.1)	34.2	23.1	134.1	50.1	(23.6)	9.2	(13.0)	18.8

Source: Company, Elara Securities Research

Exhibit 7: Domestic business contributes 67% to sales mix in Q3FY26

Sales breakdown (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Domestic	81.0	58.3	85.0	81.3	75.2	67.1	87.0	82.7	66.8
Export	19.0	43.1	15.0	18.7	24.8	32.9	13.0	17.3	33.2

Source: Company, Elara Securities Research

Exhibit 8: Branded segment contributes 91% to domestic sales in Q3FY26

Domestic sales breakdown (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Bulk	26.6	31.7	21.0	15.3	30.6	31.8	22.0	17.6	8.9
Branded	73.4	68.3	79.0	84.7	69.4	68.2	78.0	82.4	91.1

Source: Company, Elara Securities Research

Exhibit 9: Bulk segment contributes 66% to exports sales in Q3FY26

Exports sales breakdown (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Bulk	61.0	67.0	62.0	78.9	72.0	56.5	66.0	66.0	66.0
Branded	39.0	33.0	38.0	21.1	28.0	43.5	34.0	34.0	34.0

Source: Company, Elara Securities Research

Exhibit 10: Valuation

(INR)	
EPS – FY27E	13.4
EPS – FY28E	15.4
Implied EPS- H1FY28E	14.4
Target multiple (x)	42.0
Target price	605

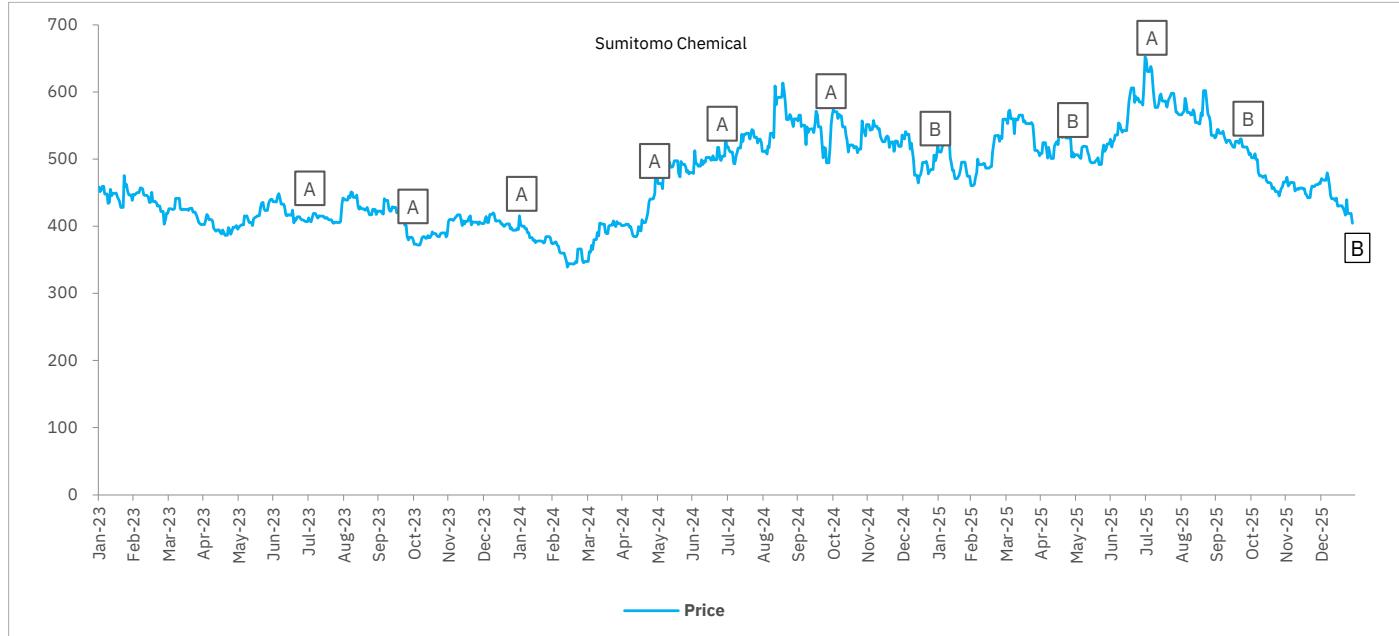
Source: Elara Securities Estimate

Exhibit 11: Changes in estimates

(INR mn)	Earlier			Revised			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Sales	34,340	38,972	43,123	32,458	36,895	40,829	(5.5)	(5.3)	(5.3)
EBITDA	7,160	8,476	9,660	6,849	8,025	9,146	(4.3)	(5.3)	(5.3)
EBITDA Margin (%)	20.9	21.8	22.4	21.1	21.8	22.4	25bp	0bp	0bp
Adjusted PAT	5,834	6,989	8,059	5,942	6,672	7,701	1.8	(4.5)	(4.4)
EPS (INR)	11.7	14.0	16.1	11.9	13.4	15.4	1.8	(4.5)	(4.4)
Target Price (INR)			633			605			(4.5)

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
01-Aug-2023	Accumulate	457	408
30-Oct-2023	Accumulate	401	381
02-Feb-2024	Accumulate	423	400
28-May-2024	Accumulate	472	449
26-Jul-2024	Accumulate	569	505
29-Oct-2024	Accumulate	600	552
28-Jan-2025	Buy	685	506
28-May-2025	Buy	666	510
05-Aug-2025	Accumulate	698	638
28-Oct-2025	Buy	633	512
27-Jan-2026	Buy	605	405

Guide to Research Rating

BUY (B) Absolute Return >+20%

ACCUMULATE (A) Absolute Return +5% to +20%

REDUCE (R) Absolute Return -5% to +5%

SELL (S) Absolute Return < -5%

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