

Sumitomo Chemical

Domestic shines, exports sluggish; stable outlook; maintaining a Buy

Sumitomo Chemical (Sumitomo) reported subdued 4Q numbers below our and consensus estimates with flat revenue growth while EBITDA and PAT declined by 15% and 9% y/y respectively. Key highlights are: a) Domestic revenues up 18% y/y; exports down 22% y/y in 4Q'25. b) Exports sluggish due to lower revenues from LATAM and Africa down 30%/24% y/y. c) GM's contracted by 170bps y/y/210bps q/q to 40% led by pricing pressure in the exports markets. d) Specialty/generic contributed 29%/71% in 4QFY25 v/s 31%/69% in the same period last year. e) Barrix Agro sciences (Subsidiary) delivered remarkable performance with revenue growth of 82% y/y in FY25, with positive EBITDA margins of 16% v/s 15% negative in FY24. f) two new capex announced- 1) 2nd plant for a key SCC product at Bhavnagar with capital investment of Rs550mn to be completed by 4QFY27, and 2) product innovation of a newly launched innovated molecule at Tarapur with capital outlay of Rs100mn to be completed by 4QFY27.

13 product launches in the last 3 years; with 7 new products in pipeline for FY26. Sumitomo launched 13 products in the domestic market; which has received encouraging response from the farmers. In FY25, the company launched 3 new products (Meshi, Ormie and Portion) while they have 7 new products in pipeline (Advika, Excalia, Powerpull, Herbex, Lentigo and Envoy) to be launched in FY26.

Two new capex announced- a) 2nd plant for a key SCC product (brownfield expansion for the same product) at Bhavnagar with capital investment of Rs550mn to be completed by 4QFY27, and 2) production of a newly launched SCC innovated molecule at Tarapur with capital outlay of Rs100mn to be completed by 4QFY27.

Guidance. Ahead, with early onset of monsoons coupled with stable crop acreages and crop prices should augur well for the company. Continued focus on launching and ramping up new products coupled with leveraging distribution strength and optimizing costs is expected to drive sustained performance ahead. Further, With exports returning to its growth trajectory, driven by demand revival, and the inventory overhang largely behind, management is confident regarding growth in FY26 and beyond.

Key financials (YE Mar)	FY23	FY24	FY25	FY26e	FY27e
Sales (Rs m)	35,110	28,439	31,485	37,359	43,470
Net profit (Rs m)	5,022	3,697	5,064	6,456	7,656
EPS (Rs)	10.1	7.4	10.1	12.9	15.3
P/E (x)	50.7	68.8	50.3	39.4	33.3
EV / EBITDA (x)	37.4	52.6	39.4	30.2	25.4
P/BV (x)	10.7	10.4	8.8	7.4	6.2
RoE (%)	23.3	15.3	19.0	20.3	20.2
RoCE (%)	23.3	15.4	18.9	20.3	20.3
Dividend yield (%)	0.2	0.3	0.3	0.3	0.3
Net debt / equity (x)	-0.2	-0.2	-0.2	-0.4	-0.4

Source: Company, Anand Rathi Research

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Rating: **Buy**

Target Price: Rs.620

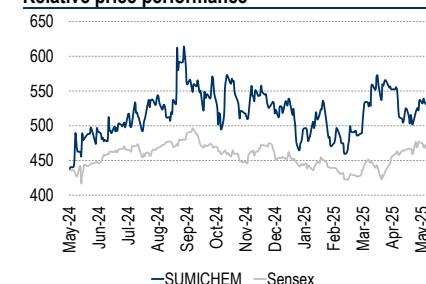
Share Price: Rs.510

Key data	SUMICHEM IN / SUMH.BO
52-week high / low	Rs628 / 428
Sensex / Nifty	81,312 / 24,752
Market cap	Rs.251bn
Shares outstanding	499m

Shareholding pattern (%)	Mar'25	Dec'24	Sep'24
Promoters	75	75	75
- of which, Pledged	-	-	-
Free float	25.0	3.6	25.0
- Foreign institutions	3.6	3.5	3.5
- Domestic institutions	8.1	7.0	7.0
- Public	13.2	14.4	14.5

Estimates revision (%)	FY26e	FY27e
Sales	(4.6)	(4.4)
EBITDA	(2.7)	(2.2)
PAT	(3.0)	(2.1)

Relative price performance



Source: Bloomberg

Himanshu Binani

Research Analyst

Quick Glance – Financial and Valuations (consolidated)

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Revenues	35,110	28,439	31,485	37,359	43,470
Growth (%)	14.7	-19.0	10.7	18.7	16.4
Raw material	22,706	17,751	18,589	22,191	26,039
Employee & other expen	5,737	5,943	6,575	7,173	8,042
EBITDA	6,666	4,746	6,321	7,995	9,390
EBITDA margins (%)	19.0	16.7	20.1	21.4	21.6
- Depreciation	519	622	661	713	786
Other income	449	957	1,201	1,501	1,802
Interest expense	54	51	59	59	60
PBT	6,542	5,029	6,802	8,724	10,346
Effective tax rates (%)	23	26	26	26	26
+ Associates / (Minorities)	-	-	-	-	-
Adj. income	5,022	3,697	5,064	6,456	7,656
Extraord. items (loss)/profit	-	-	-	-	-
Reported PAT	5,022	3,697	5,064	6,456	7,656
WANS	499	499	499	499	499
FDEPS (Rs)	10.1	7.4	10.1	12.9	15.3

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
PBT	6,542	5,029	6,802	7,222	8,544
+ Non-cash items	573	673	719	772	845
Oper. profit before WC changes	7,114	5,702	7,522	7,995	9,390
- Incr./ (decr.) in WC	1,352	-3,926	180	-3,666	3,593
Others incl. taxes	1,869	2,030	2,814	767	888
Operating cash-flow	3,894	7,598	4,527	10,894	4,908
- Capex (tangible + intangible)	1,195	1,311	286	1,750	1,750
Free cash-flow	2,698	6,287	4,241	9,144	3,158
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	499	3,098	239	904	904
+ Equity raised	-	-	-	-	-
+ Debt raised	-	-	-	-328	-
- Fin. investments	2,077	3,006	3,635	-	-
- Misc. items (CFI and CFF)	226	185	452	99	60
Net cash-flow	-104	-3	-84	7,813	2,194

Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 2 – Balance sheet (Rs m)

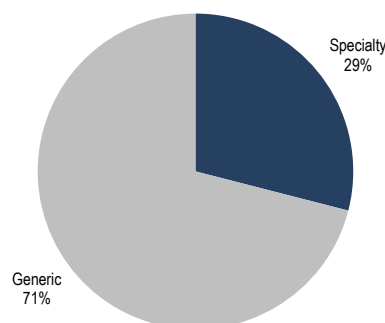
Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Share capital	4,991	4,991	4,991	4,991	4,991
Net worth	23,818	24,416	29,011	34,563	41,314
Debt	177	185	328	-	-
Minority interest	0	30	39	-	-
Deferred tax liability / (asset)	-	-	-	-	-
Capital employed	23,995	24,631	29,379	34,563	41,314
Net tangible assets	4,475	5,812	5,755	6,792	7,756
CWIP (tang. and intang.)	535	40	94	94	94
Investments (strategic)	2,388	3,457	4,572	4,572	4,572
Investments (financial)	1	1	671	671	671
Current assets (excl. C&CE)	23,264	21,989	28,125	30,240	36,266
Cash	3,028	1,833	428	8,241	10,435
Current Liabilities	9,696	8,502	10,266	16,047	18,479
Working capital	13,568	13,487	17,859	14,193	17,786
Capital deployed	23,995	24,631	29,379	34,563	41,314

Fig 4 – Ratio analysis

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
P/E (x)	50.7	68.8	50.3	39.4	33.3
EV / EBITDA (x)	37.4	52.6	39.4	30.2	25.4
EV / Sales (x)	7.1	8.8	7.9	6.5	5.5
P/B (x)	10.7	10.4	8.8	7.4	6.2
RoE (%)	23.3	15.3	19.0	20.3	20.2
RoCE (%) - after tax	23.3	15.4	18.9	20.3	20.3
RoIC (%) - after tax	23.3	15.3	19.0	20.3	20.2
DPS (Rs)	1.2	1.5	1.5	1.5	1.5
Dividend yield (%)	0.2	0.3	0.3	0.3	0.3
Dividend payout (%)	11.9	20.2	14.8	11.6	9.8
Net debt / equity (x)	-0.2	-0.2	-0.2	-0.4	-0.4
Receivables (days)	93	107	87	86	96
Inventory (days)	147	154	129	118	120
Payables (days)	163	187	184	216	242
CFO : PAT (%)	78	205	89	169	64

Source: Company, Anand Rathi Research

Fig 6 – Segment-wise break-up, Q4 FY25



Source: Company

Fig 7 – Quarterly

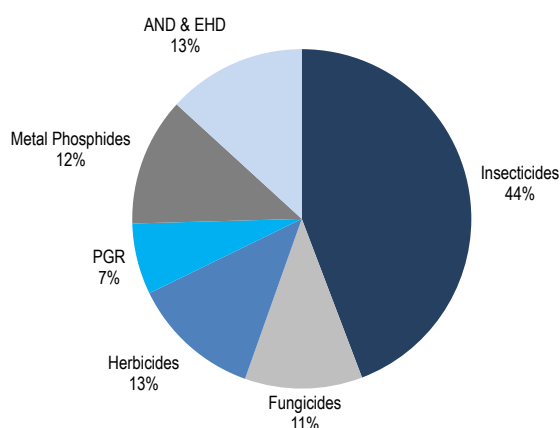
(Rs m)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Revenues	6,794	6,742	0.8	6,419	5.8	31,485	28,439	10.7
Raw material	4,075	3,927	3.8	3,714	9.7	18,589	17,751	4.7
Staff costs	647	592	9.4	683	(5.3)	2,647	2,320	14.1
Others	877	821	6.8	961	(8.7)	3,929	3,623	8.4
Total expenditure	5,599	5,340	4.8	5,358	4.5	25,165	23,694	6.2
EBITDA	1,196	1,402	(14.7)	1,061	12.7	6,321	4,746	33.2
Interest	17	13	26.7	18	(7.1)	59	51	14.7
Depreciation	164	168	(2.1)	191	(13.9)	661	622	6.2
Other income	316	267	18.4	312	1.2	1,201	957	25.5
PBT	1,331	1,488	(10.5)	1,165	14.3	6,802	5,029	35.2
Tax	333	389	(14.4)	291	14.6	1,738	1,332	30.5
Adj. net profit	998	1,099	(9.2)	874	14.1	5,064	3,697	37.0
Extraordinary items	-	-	NA	-	NA	-	-	NA
Net profit	998	1,099	(9.2)	874	14.1	5,064	3,697	37.0
Equity capital (FV: Rs.10)	499	499		499		499	499	
Adj. EPS (Rs)	2.0	2.2	(9.2)	1.8	14.1	10.1	7.4	37.0

As % of net revenue

Raw material	60.0	58.3		57.9		59.0	62.4	
Staff expenses	9.5	8.8		10.6		8.4	8.2	
Other expenses	12.9	12.2		15.0		12.5	12.7	
EBITDA	17.6	20.8		16.5		20.1	16.7	
Net profit	14.7	16.3		13.6		16.1	13.0	

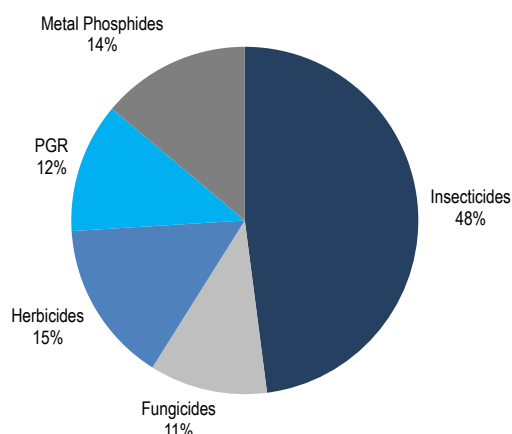
Source: Company

Fig 8 – Category-wise revenue break-up, Q4 FY24



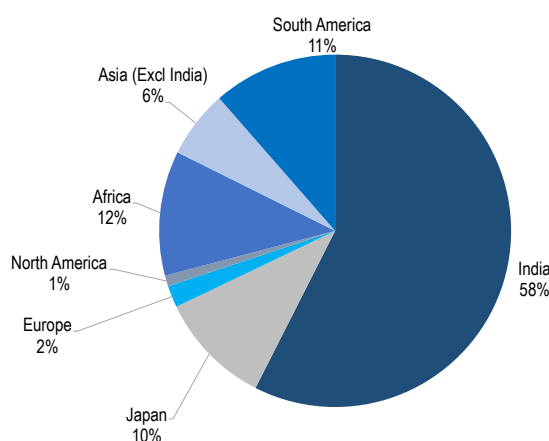
Source: Company, Anand Rath Research

Fig 9 – Category-wise revenue break-up, Q4 FY25



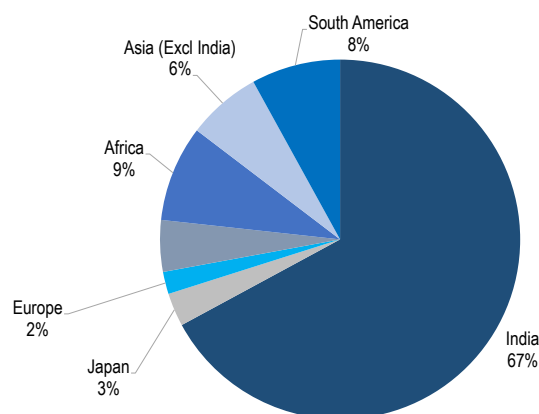
Source: Company, Anand Rath Research

Fig 10 – Region-wise revenue break-up, Q4 FY24



Source: Company, Anand Rath Research

Fig 11 – Region-wise revenue break-up, Q4 FY25



Source: Company, Anand Rath Research

Other highlights

- Product launches on track.** Sumitomo launched 13 products in the domestic market; which has received encouraging response from the farmers. In FY25, the company launched 3 new products (Meshi, Omie and Portion) while they have 7 new products in pipeline (Advika, Excalia, Powerpull, Herbex, Lentigo and Envoy) to be launched in FY26.
- Focus on cash collection led to better working capital.** Net working capital days were 89 in Q4 (91 days a year back). Inventory increased by 12 days y/y to 138. The company's focus continues to be on improving collections through fewer receivable days (flat y/y at 91). Payable days rose from 88 to 96. Cash collection in FY25 rose 6% y/y to Rs35.3bn as against Rs33.bn. Cash and equivalents in Mar'25 were Rs16.7bn.

Valuation

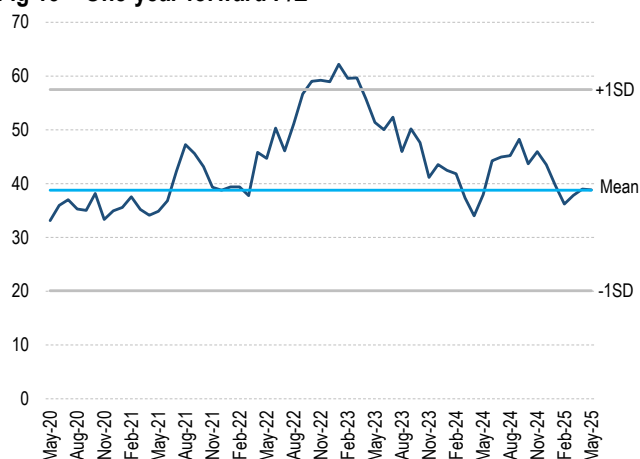
Fig 12 – Change in estimates

(Rs m)	FY26e			FY27e		
	Old	New	Chg (%)	Old	New	Chg (%)
Revenue	39,141	37,359	(4.6)	45,478	43,470	(4.4)
EBITDA	8,220	7,995	(2.7)	9,596	9,390	(2.2)
EBITDA margin (%)	21.0%	21.4%	40.0	21.1%	21.6%	50.0
PAT	6,652	6,456	(3.0)	7,821	7,656	(2.1)
EPS	13.3	12.9	(3.0)	15.7	15.3	(2.1)

Source: Anand Rathi Research

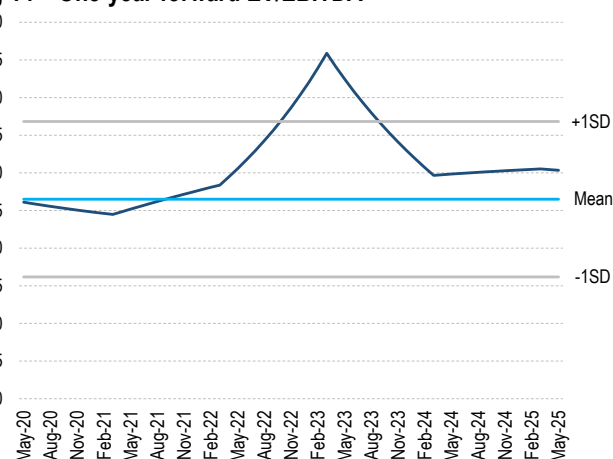
Factoring in FY25 performance, we marginally trim our FY26e/27e EPS 3%/2%. We expect the company to clock 18%/23% revenue/PAT CAGRs over FY25-27. We maintain a Buy rating, with a revised TP of Rs620 (earlier Rs630), 40x FY27e EPS.

Fig 13 – One-year-forward P/E



Source: Bloomberg, Anand Rathi Research

Fig 14 – One-year-forward EV/EBITDA



Source: Bloomberg, Anand Rathi Research

Risks

- Adverse weather in the home market.
- Volatile commodity prices globally.
- A complete ban on glyphosate (~14% of FY25 revenue).

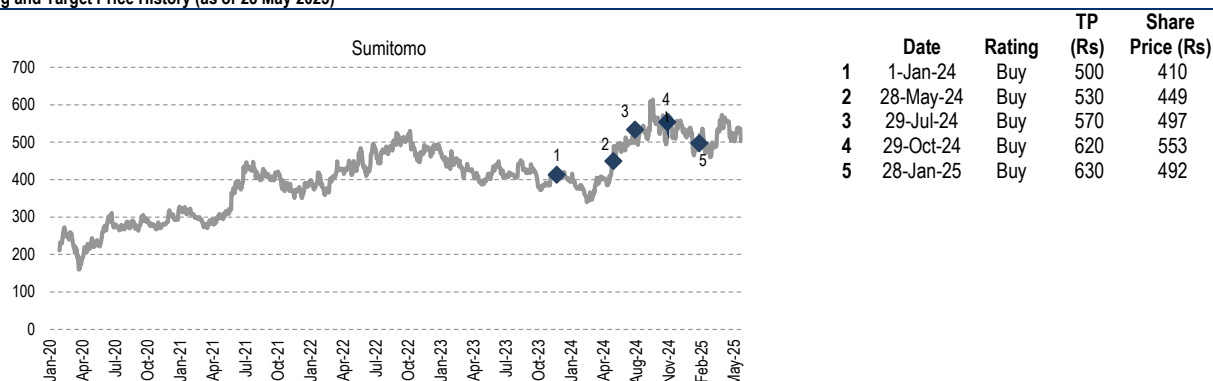
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 28 May 2025)



Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL), Multi Commodity Exchange of India Limited (MCX), National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

NOTICE TO US INVESTORS:

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2025. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.

Compliance officer: Deepak Kedia, email id: deepakkedia@rathi.com, Contact no. +91 22 6281 7000
Grievance officer: Madhu Jain, email id: grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.