



Pick of the week

Sumitomo Chemicals India Ltd. (SCIL)

Recommendation: **BUY**

Current Price: ₹402

Potential Upside: **20.6%**

Date: **14th March 2022**

Time Period: **12 Months**

Target Price: ₹485

Why invest?

- Sumitomo Chemicals India Ltd (SCIL) has a robust product portfolio which is diversified across agrochem value chain and also diversified across key crops.
- SCIL has pipeline of five global proprietary products from SCC (parent company) to be sourced from India in the next two years and evaluating and discussing more.
- We believe the company's ability to pass on price (in Q3FY22) due to strong brand recall may give an edge over its peers in protecting margin despite raw material headwinds.
- We expect 14.8%/21.3% CAGR in revenue/PAT in FY21-24E led by a robust product pipeline, focus towards speciality products and opportunity from contract manufacturing for its parents.
- We value the stock (at 39x FY24E EPS) in the upper band of valuation, based on merits against its domestic and MNC peers in the sector.