

05<sup>th</sup> September 2025

Close\* – ₹210.60/-

View – Exit

### Q1FY26 Result Update

- In Q1FY26, the company reported revenue of ₹53.5crs, an 18% YoY increase, but marginally lower by 2% QoQ on account of softer sales. Despite external challenges such as volatile crude oil prices, geopolitical issues, and uncertainty around US tariffs, the topline remained steady. EBITDA came in at ₹7.8crs, showing 9% YoY growth and a strong 35% QoQ rebound, with margins at 15%, supported by easing raw material costs and better operating efficiency. PAT improved to ₹6.4crs, up 19% YoY and 62% QoQ, with PAT margins steady at 12% YoY and significantly stronger than 7% in Q4FY25.
- On the segment front, the Organic Chemicals segment (HMDS, CMIC, Bromobenzene) registered healthy demand recovery, though pricing was pressured by Chinese oversupply, while the Inorganic Chemicals (Bromides) segment continued to face weak demand due to sluggish global oil drilling activity.
- Looking ahead, the management remains optimistic, backed by strong customer engagement and the upcoming P-10 and P-11 plants, which will expand its product portfolio and support sustainable growth in the coming quarters.

### Important Statistics

<b>Nifty</b>	24,734
<b>Sensex</b>	80,718
<b>Close* (₹)</b>	210.60
<b>MCAP (₹ bn)</b>	~10
<b>52 week H/L (₹)</b>	478.00/261.00
<b>NSE Code</b>	CHEMCON
<b>BSE Code</b>	543233
<b>Bloomberg Code</b>	CHEMCON:IN

Close\* as on 4<sup>th</sup> Sep 2025

<b>Shareholding Pattern (%)</b>	<b>Jun'25</b>
Promoter Holding	74.47
FII	0.30
DII	-
Public & Others	25.23

### View

Between FY14 and FY22, the company delivered a strong growth trajectory with revenue rising from ₹53crs to ₹303crs, supported by product diversification and capacity expansion. Operating margins, which were in the range of 10-12% until FY17, expanded sharply to 27-33% during FY20-FY22, driving operating profit above ₹80crs and net profit to a peak of ₹63crs in FY22. However, from FY23 onwards, profitability came under pressure due to weak demand in inorganic chemicals and pricing challenges in organics, leading to margin contraction to just 10% in FY24 and a sharp decline in net profit to ₹19crs. FY25 showed some early signs of recovery, with revenue at ₹207crs, margins improving to 16%, and net profit rising modestly to ₹24crs, though still below historical highs. Sustained revival will hinge on demand recovery in inorganics and the contribution from upcoming P-10 and P-11 plants, which are expected to expand the product portfolio and improve scale-driven efficiencies.

We [initiated coverage](#) on Chemcon Specialty Chemicals on 10-Dec-20 at ₹440. The stock touched a high of ₹528 in Aug 2021, delivering nearly 20% upside from our release, and subsequently traded in the range of ₹440-467 until Sept 2022. Post Sept 2022, the stock began tumbling down as performance turned sluggish due to lower demand from pharmaceutical manufacturers, which resulted in muted volume offtake for key products like HMDS and CMIC. Currently, the stock trades at ₹210.60, and given the limited growth visibility and margin pressures stemming from weak demand in the inorganic chemicals segment, we recommend investors to exit at the CMP. At the current market price of ₹210.60, it is trading at 32x FY25 P/E.

### Financials

	(₹ crs)					
<b>Particulars</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
Net Sales	262	244	257	303	267	207
EBITDA	70	81	82	71	27	33
EBITDA Margin	27%	33%	32%	23%	10%	16%
PAT	49	56	63	55	19	24
EPS (₹)	15.37	15.45	17.14	15.04	5.24	6.67
P/E (₹)	14	14	12	14	41	32
EV/EBITDA	9.4	8.1	8.0	9.3	24.4	20.0
ROE	43%	29%	21%	15%	6%	7%
ROCE	43%	29%	21%	15%	6%	7%

### Relative Comparison

<b>Return (%)</b>	<b>1 Yr</b>	<b>3Yr</b>	<b>5 Yr</b>
<b>Chemcon</b>	<b>-21%</b>	<b>-47%</b>	<b>-64%</b>
<b>Nifty 50</b>	-2%	41%	119%
<b>Sensex</b>	-2%	38%	111%

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**Consolidated Quarterly Performance**

(₹ crs)					
Particulars	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ %
<b>Net sales</b>	53.52	45.52	18%	54.89	-2%
Other operating income					
<b>Total Income</b>	53.52	45.52	18%	54.89	-2%
(Increase)/Decrease in stock in trade & WIP	1.94	0.37		-2.84	
Consumption of raw material	28.80	25.75	12%	36.79	-22%
Purchase of Traded goods	0.72				
Employees cost	4.98	4.71	6%	5.08	-2%
other expenses	9.29	7.57	23%	10.07	-8%
Selling & Distribution exp					
<b>Total Expenditure</b>	45.73	38.40	19%	49.10	-7%
<b>EBITDA</b>	7.79	7.12	9%	5.79	35%
<b>EBITDA margins %</b>	15%	16%		11%	
Depreciation	2.72	2.53	8%	2.73	0%
<b>EBIT/ Operating Profit</b>	5.07	4.59	10%	3.06	66%
Interest	0.34	0.99	-65%	0.84	-59%
Other income	3.72	3.76	-1%	3.18	17%
<b>PBT</b>	8.45	7.37	15%	5.40	56%
Provision for current tax	2.10	1.90	10%	1.44	46%
Provision for Deferred Tax	-0.06	0.10	-158%	0.01	-886%
<b>PAT</b>	6.41	5.37	19%	3.96	62%
<b>PAT margins %</b>	12%	12%		7%	
<b>reported PAT</b>	6.41	5.37	19%	3.96	62%
EPS (Basic & diluted)	1.75	1.47	19%	1.08	62%

Source: Company, Way2wealth Research

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### Disclosure of Interest Statement: Chemcon Specialty Chemicals Ltd. (Chemcon) as on 05 September 2025

Name of the Security	Chemcon Specialty Chemicals Ltd. (Chemcon)
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained	
Financial Interest	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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