PL Capital
PRABHUDAS LILLADHER

P.I. Industries (PI IN)

Rating: HOLD | CMP: Rs3,488 | TP: Rs3,618

Awaiting the next spark

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September 26, 2025

Company Initiation

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Awaiting the next spark

In CY11, PI Industries (PI) launched pyroxasulfone (pyroxa) – an event that sparked the interests of investors and offered them a journey of 28% CAGR in market cap based on 19%/23%/26% CAGR in sales/EBITDA/PAT until FY25. However, 7% decline in Kumiai's (innovator) guidance on sales of pyroxa for Nov'24-Oct'25, is likely to affect PI's CSM segment with revenue clocking 6% CAGR in FY25–28E compared with 21% CAGR in the past 5 years. The pharma business, still in ramp-up, is projected to grow ~70% in FY26 and break even by FY28 at ~Rs5bn revenue. The domestic business is expected to deliver ~6% CAGR, led by biologicals, while core formulations remain subdued. We estimate consolidated revenue/EBITDA/PAT CAGR at ~7%/8%/7% over FY25–28E, supported by new CSM launches, biologicals and pharma scale-up. At 28x FY27E EPS, the stock is trading slightly above its sector average. While R&D spending (3% of sales) remains strong, we await the next spark that could once again spur investors' interests. We initiate coverage on PI with 'HOLD' recommendation and TP of Rs3,618 (28x Sep'27 EPS).

- **Eye on mixed formulations:** Pyroxa has been a key growth driver for PI historically (contributed ~43% to FY25 revenue). However, the molecule's momentum has moderated with patent expiries in key markets and entry of generics. In response, Kumiai has adopted a multi-pronged strategy, introducing mixed formulations, adopting competitive pricing, launching private brands, and pursuing legal actions, to safeguard market share. Over the medium term, pyroxa volumes will depend on the success of mixed formulations and effectiveness of pricing strategies.

- **Diversification of CSM portfolio beyond pyroxa:** PI has launched 15+ molecules in the past 3 years; these grew ~31% YoY in FY25 and constituted 15-18% of the CSM portfolio. A strong launch pipeline across herbicides, fungicides and insecticides highlighted by the novel insecticide pioxaniliprole, to be commercialized within 2 years, positions the company for sustained growth while reducing concentration risk.

- **New launches & biologicals to drive domestic growth:** PI's domestic agrochemicals business grew at 9% CAGR over FY20–25 and is expected to reach Rs16.5bn by FY28E, with ~17% revenue share. Growth will be driven by new brand launches, expanding biologicals portfolio (targeting 5x growth in the next 5 years, despite near-term regulatory hurdles), and strong in-licensing and co-marketing.

- **Differentiated play across pharma value chain:** PI is building a differentiated presence in the global CRDMO space. Strategic acquisitions of Therachem and Archimica have strengthened its capabilities across CRO, CDMO and API manufacturing. The management expects breakeven at ~Rs5bn revenue and targets 3–4x growth by next 3-4 years. We expect revenue to reach ~Rs5bn by FY28 with ~60% gross margin.

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	76,658	79,778	85,543	91,224
EBITDA (Rs. m)	20,147	21,790	23,616	25,502
Margin (%)	*26.3*	*27.3*	*27.6*	*28.0*
PAT (Rs. m)	16,815	16,602	17,629	18,887
EPS (Rs.)	110.8	109.4	116.2	124.5
Gr. (%)	*36.8*	*(1.3)*	*6.2*	*7.1*
DPS (Rs.)	11.5	15.0	17.4	18.7
Yield (%)	*0.3*	*0.4*	*0.5*	*0.5*
RoE (%)	*0.2*	*0.2*	*0.2*	*0.1*
RoCE (%)	*0.2*	*0.2*	*0.2*	*0.2*
EV/Sales (x)	6.4	6.2	5.6	5.1
EV/EBITDA (x)	24.4	22.6	20.3	18.4
PE (x)	31.5	31.9	30.0	28.0
P/BV (x)	6.1	5.2	4.5	4.0

Key Data	PIIL.BO | PI IN
52-W High / Low	Rs. 4,759 / Rs. 2,951
Sensex / Nifty	80,426 / 24,655
Market Cap	Rs. 529 bn/ $ 5,964 m
Shares Outstanding	152m
3M Avg. Daily Value	Rs. 747.04m

Shareholding Pattern (%)

Promoter's	51.41
Foreign	5.23
Domestic Institution	7.93
Public & Others	35.43
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.9)	1.7	(24.6)
Relative	(7.5)	(2.2)	(19.5)

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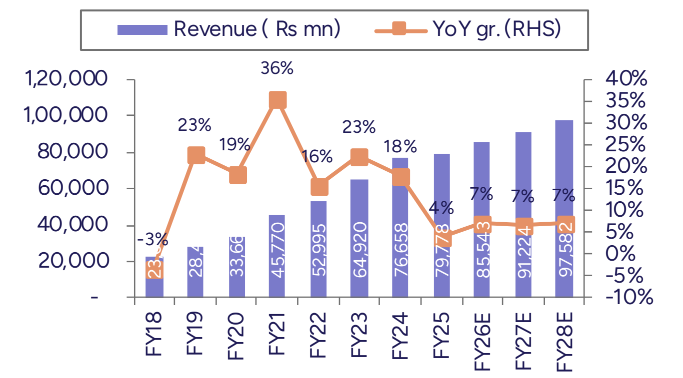
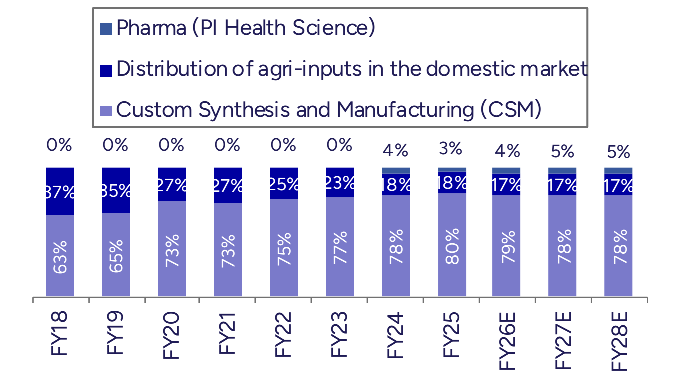
Story in Charts

Exhibit 1: Revenue to grow at 7% CAGR over FY25-28E



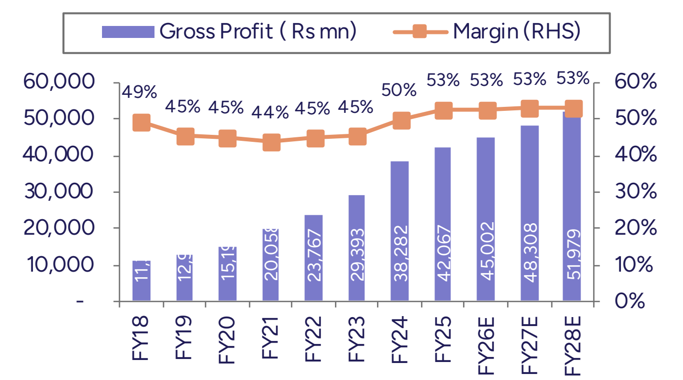
Source: Company, PL

Exhibit 2: Pharma segment mix to improve going ahead



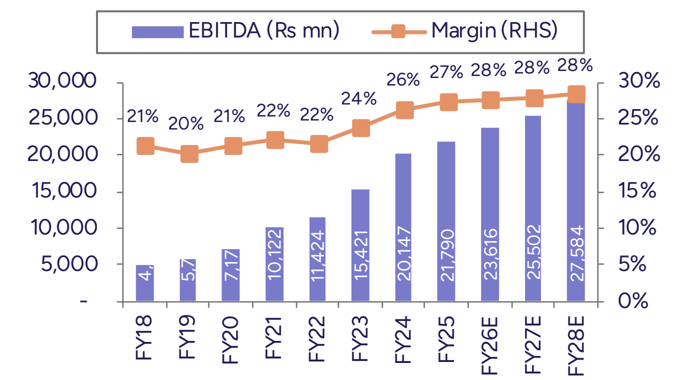
Source: Company, PL

Exhibit 3: Gross profit to remain at 53% in FY28E



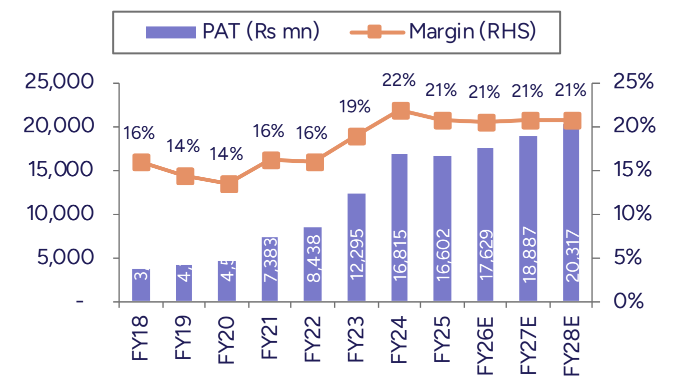
Source: Company, PL

Exhibit 4: EBITDA to improve by ~100bps over FY25-28E



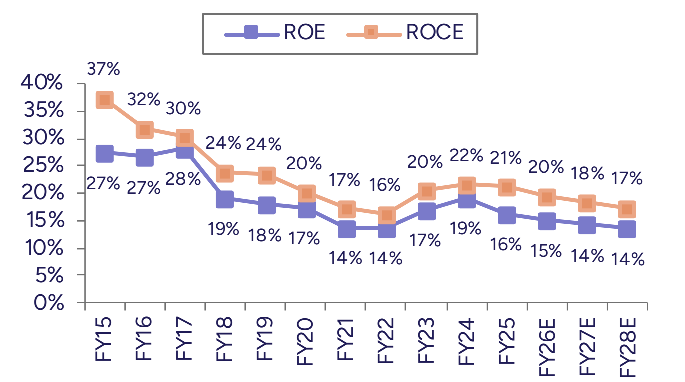
Source: Company, PL

Exhibit 5: PAT to grow at 7% CAGR over FY25-28E



Source: Company, PL

Exhibit 6: RoE/RoCE to remain at 14%/17% in FY28E

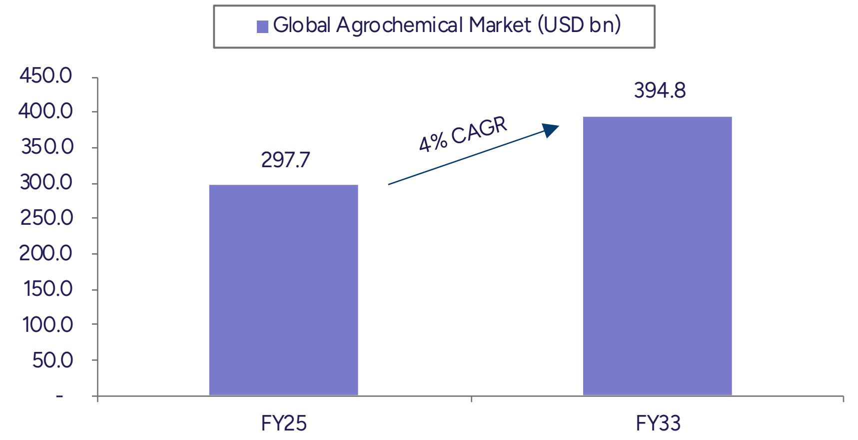


Source: Company, PL

Global agrochemicals market dynamics

Agrochemicals comprise a broad spectrum of products, including pesticides/insecticides, herbicides, fungicides and fertilizers, used to support crop growth and protect them from natural threats. Each year, nearly 25% of global crop output is lost to diseases, pests and weeds, underscoring the critical role agrochemicals play in improving crop yields and ensuring food security.

Exhibit 7: Global agrochemicals market to reach USD394.8bn by CY33

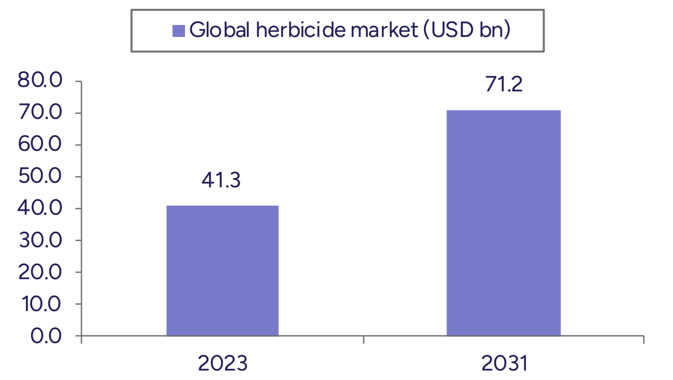


Source: Company, PL

Global agrochemicals market stood at USD297.7bn in CY25 and is projected to reach USD394.8bn by CY33, growing at 3.6% CAGR. Asia-Pacific dominates the market, with over 43% share in CY24, driven by high population density, extensive agricultural activity, and rapid adoption of advanced farming techniques.

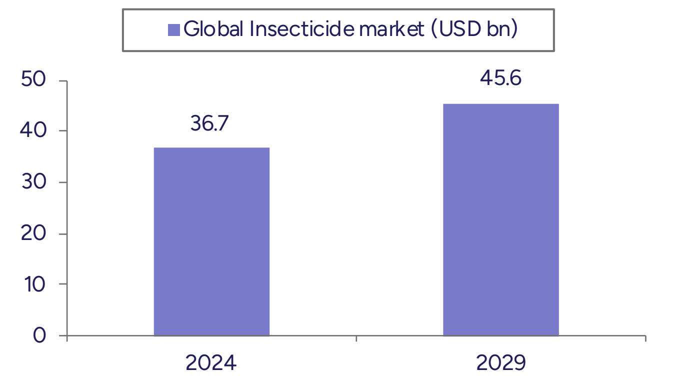
Insecticides market, estimated at USD36.7bn in CY24, is expected to reach USD45.6bn by CY29, growing at 4.4% CAGR. Global herbicides market stood at USD41.3bn in CY23 and is predicted to reach Rs71.2bn by CY31, registering 7.2% CAGR.

Exhibit 8: Global herbicides market est at USD71.2bn by CY31



Source: Company, PL

Exhibit 9: Global insecticides market est at USD45.6bn by CY29



Source: Company, PL

Average global consumption of chemical insecticides is 918.7gm/ha of agricultural land. It has been increasing over the years, driven by factors like:

- **Rising food demand, with shrinking arable land**: Global population is expected to reach 9.8bn by CY50 from ~8bn currently. This, along with shrinkage of arable land due to rapid urbanization and industrialization, has made it important to focus on improving agricultural productivity. Agrochemicals play a critical role in boosting yields and ensuring food supply for a growing population.

- **Technological advancements:** Innovations such as biopesticides, where market size is expected to reach USD44.7bn by CY32 from USD15.29bn in CY24, improved fertilizer mixes, and precision agriculture are enhancing the efficiency and sustainability of agrochemical use.

- **Changing climate patterns:** Climate change is leading to the emergence of new crop pests and diseases. Consequently, agrochemicals are evolving into essential tools for building resilience, providing solutions that extend beyond conventional crop protection.

Global agrochemicals market is highly competitive with the presence of a large number of players.

Exhibit 10: Top global agrochemical companies

Syngenta	Bayer Crop Science
BASF	Corteva
FMC	ADAMA
Sumitomo Chemical	Nufarm
Jiangsu Yangnong Chemical	Rainbow
Sino-Agri Leading Biosciences	Lianyungang Liben Crop Science

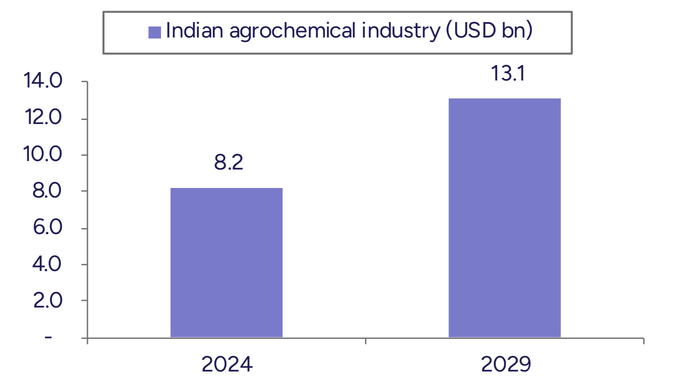
Source: Industry, PL

Overview of Indian agrochemicals industry

India is the fourth largest producer of agrochemicals globally after the US, Japan and China. It is the third largest exporter of agrochemicals globally, with ~50% of its production being exported. This highlights the significant role of India in the international agrochemicals market. It is becoming a major hub for agrochemicals manufacturing due to low manufacturing cost, low labor cost, technically trained manpower, and high production capacity.

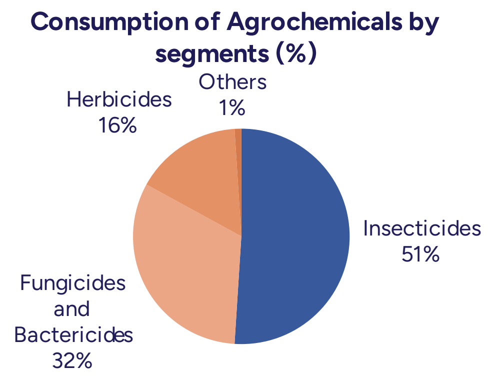
Agrochemicals market in India stood at USD8.2bn in CY24 and is expected to reach USD13.1bn by CY29, growing at 10% CAGR. India exported pesticides and disinfectants worth Rs315bn in FY25 to key markets in Brazil, the US, Japan, Vietnam and Indonesia. Insecticides account for 51% of agrochemicals consumption in India, followed by fungicides and herbicides at 32% and 16%, respectively.

Exhibit 11: Indian agrochemicals market est at USD13.1bn by CY29



Source: Industry, PL

Exhibit 12: Insecticides form ~51% of agrochemicals consumption



Source: Industry, PL

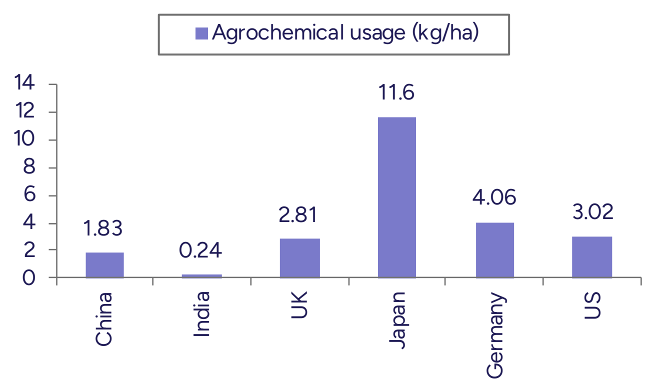
A decade ago, India ranked sixth, but the industry's strong technical capabilities and ability to swiftly introduce post-patent products at globally competitive prices have significantly boosted exports. India is currently third largest exporter of agrochemicals globally. The US remains the largest importer of Indian agrochemicals, followed by Brazil and Japan. As of FY25, Indian agrochemicals industry recorded a trade surplus of Rs191bn, a sharp rise from Rs80bn in FY18.

Exhibit 13: Indian agchem trade surplus at Rs191bn in FY25

Year	Agchem exports from India (Rs bn)	Agchem imports (Rs bn)	Trade surplus (Rs bn)
FY18	165	85	80
FY19	221	93	129
FY20	238	91	147
FY21	265	124	141
FY22	365	134	232
FY23	432	143	289
FY24	349	116	232
FY25	315	125	191

Source: Industry, PL

Exhibit 14: India pesticides usage lowest at 0.24kg/ha



Source: Industry, PL

Per hectare consumption of pesticides in India is amongst the lowest in the world and stands at 0.24kg/ha against 2.81kg/ha in the UK and 1.83 kg/ha in China, signifying scope for growth. Long-term growth in the sector lies in the ability of the country to reach self-sufficiency in food production, which can be achieved by increasing the yield per hectare. A key factor driving sector growth is the backward integration of production processes.

CSM industry

Over the past 2 decades, India's custom synthesis and manufacturing (CSM) market has steadily gained momentum in both the chemicals and pharmaceuticals sectors. Leading players such as PI have demonstrated capabilities spanning early stage process development to large-scale commercial manufacturing for global innovators, while companies like SRF and Jubilant Ingrevia are expanding into the production of off-patent molecules.

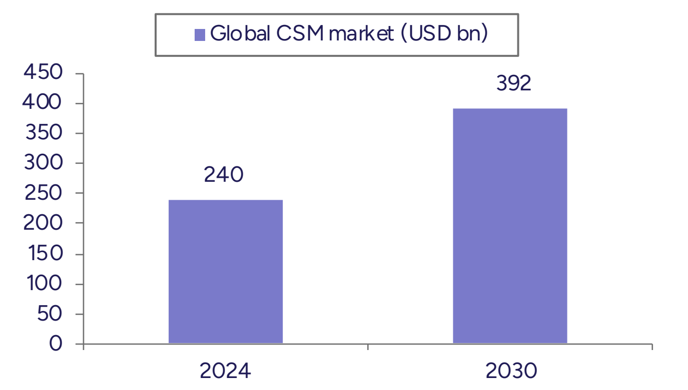
Indian chemical companies are now well positioned to tap into the global CSM market, leveraging strategic advantages that go well beyond cost competitiveness. CSM projects offer significant payoffs, fostering long-term relationships with global partners, driving margin expansion, and providing sustained revenue visibility.

As of CY24, the global CSM market was estimated at ~USD240bn and is projected to reach USD392bn CY30, growing at 8.5% CAGR. This expansion is underpinned by the fact that it is becoming increasingly difficult for innovator companies to manage the entire value chain in-house.

Historically, India's exports were dominated by high-volume, low-cost active pharmaceutical ingredients (APIs), generic intermediates, and commodity chemicals. Today, however, the country is attracting global giants for CSM, reflecting its rising technical capabilities and reliability.

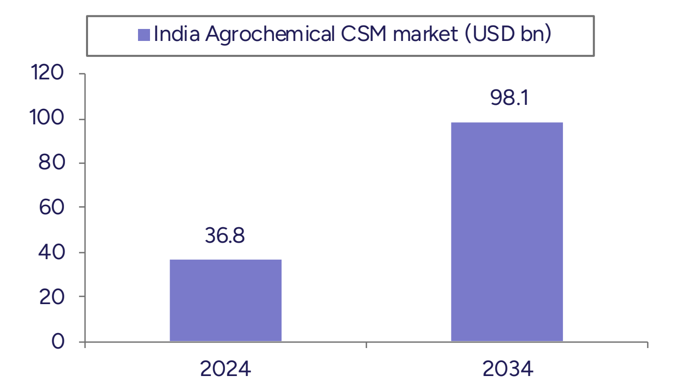
While pharmaceuticals continue to account for the largest share of India's CSM market, agrochemicals are emerging as a high-growth segment, particularly for complex molecules. Global players, keen to diversify and reduce overdependence on China, are actively engaging with Indian partners. Indian agrochemicals CSM market stood at USD36.8bn in CY24 and is expected to grow at a robust 10.3% CAGR through CY34.

Exhibit 15: Global CSM market to grow at 8.5% CAGR in CY24-30



Source: Industry, PL

Exhibit 16: Indian CSM market to grow at 10.3% CAGR in CY24-34



Source: Industry, PL

Indian companies enjoy a clear cost advantage over global peers, supported by lower labor, energy and infrastructure costs. With a large pool of chemistry graduates and engineers, India's R&D capabilities are steadily strengthening, while intellectual property protocols have become far more robust than they were a decade ago. On the regulatory front, although some gaps remain, USFDA and EMA approvals for Indian facilities have been steadily increasing. Many players are also investing in multipurpose plants equipped with flexible reactors, enabling the manufacture of complex molecules.

As global innovators seek to diversify supply chains and reduce their reliance on China, Indian companies are well positioned to benefit from this structural shift.

Investment Rationale

Eye on mixed formulations

PI helps global innovators with process research and manufacturing to scale their molecules from the lab stage to the commercial level. In FY25, almost 80% of its revenue came from manufacturing active ingredients and intermediates. Majority of its revenue came from manufacturing patented molecules where it has partnered with over 20+ global innovators like Kumiai Chemical, FMC, Syngenta, Adama, Sumitomo Chemical, Bayer, BASF, Kureha, Nissan Chemical, and Corteva.

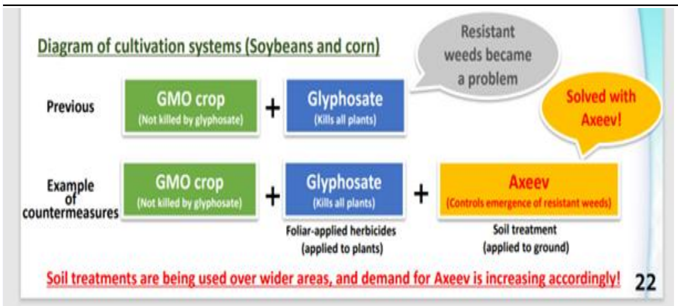
Kumiai is the innovator and patent holder for pyroxa, PI's most important product. The product is registered across ~25 countries and is under development to obtain registration in 10 more countries. Kumiai tied up with PI to manufacture this molecule in its very early stage, which led to PI's CSM division logging a revenue CAGR of ~19% over the last 10 years.

What is pyroxa (aka Axeev)?

Pyroxa is a pre-emergence herbicide used to control grass and small-seeded broadleaf weeds. It can be used with major field crops such as soybean, wheat and corn. A dose of 100–250gm/ha of pyroxa is sufficient to control a wide range of problematic weeds.

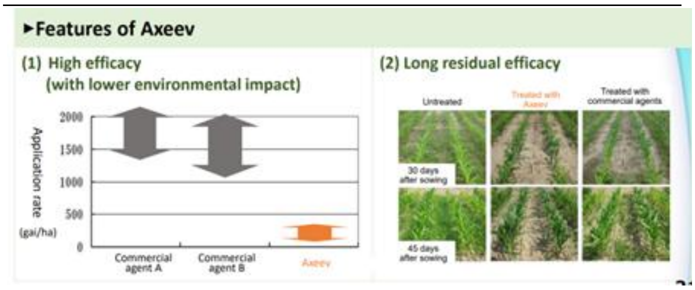
Emergence of glyphosate-resistant weeds has increased market acceptance of pyroxa, leading to higher sales growth for both PI and Kumiai. Additionally, pyroxa has helped solve wheat cultivators' problem in countries such as Australia and India, where weeds are resistant to other products. Further, pyroxa has lower environmental impact as well as long residual efficacy.

Exhibit 17: Pyroxa controls problematic weeds



Source: Kumiai, PL

Exhibit 18: Pyroxa has long residual value



Source: Kumiai, PL

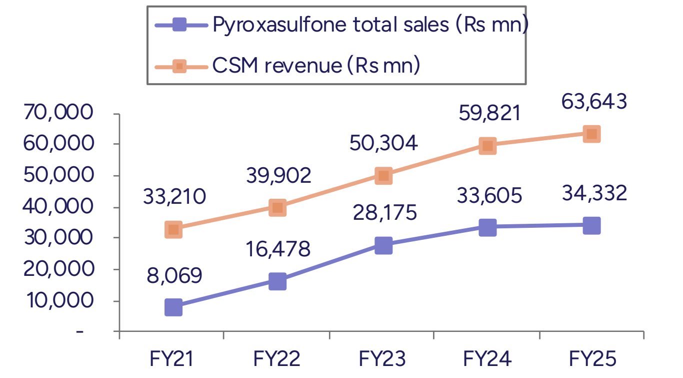
Pyroxa contributed to ~43% of PI's FY25 revenue

Pyroxa has fueled PI's CSM segment growth historically

PI has seen tremendous growth over the last 5 years, with revenue clocking 21% CAGR. A key driver was PI's partnership with Kumiai for manufacturing pyroxa.

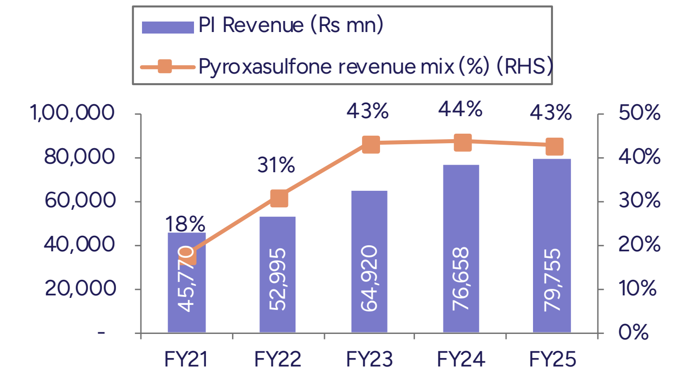
PI exports pyroxa to Kumiai as well as its US subsidiary, KI Ltd. In FY25, 80% of PI's revenue came from the CSM segment. Of total CSM revenue, ~54% came from pyroxa. Thus, pyroxa alone contributed to ~43% of PI's total revenue.

Exhibit 19: CSM revenue driven by pyroxa historically



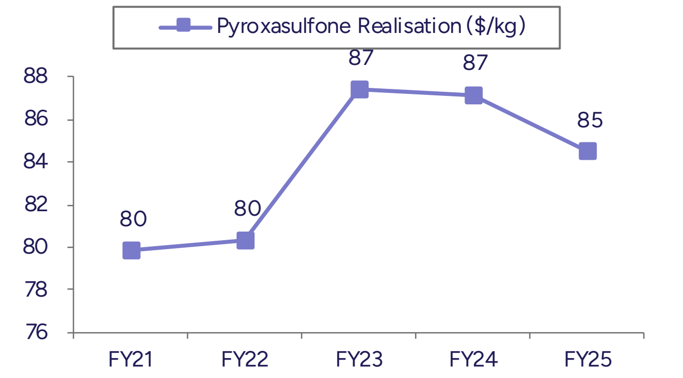
Source: Company, PL

Exhibit 20: Pyroxa's revenue mix at ~43% in FY25



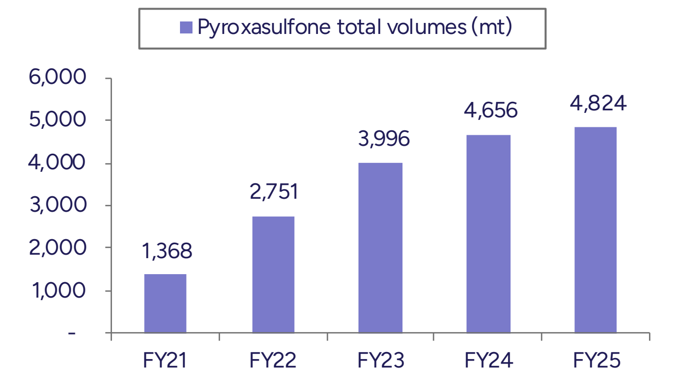
Source: Company, PL

Exhibit 21: Pyroxa realization at USD85/kg in FY25



Source: Company, PL

Exhibit 22: Growth momentum of pyroxa for PI stalls



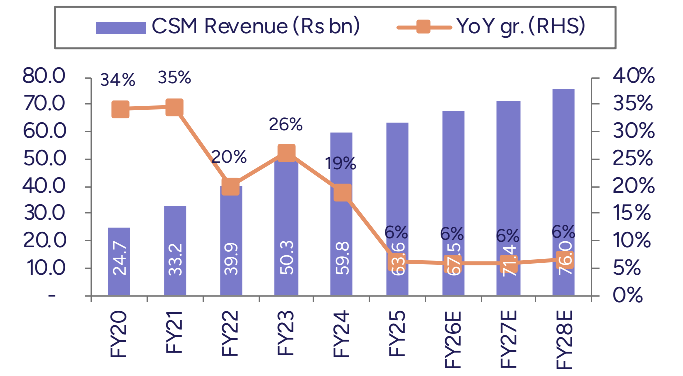
Source: Company, PL

Over the past 2 years, pyroxa volumes have largely remained flat, impacted by the entry of generics and patent expiries in certain geographies. PI's CSM revenue grew by only 12% during FY23–25, broadly in line with pyroxa sales, which increased by just 8% during the period after a sharp jump in FY23 from FY22 due to pared inventories caused by fluctuations in the agrochemicals market and launch of generic products in Australia and India.

Kumiai has maintained its FY25 pyroxa revenue guidance (Nov'24–Oct'25) at ¥66.1bn, a 7% decline versus FY24 revenue of ¥71.1bn. Notably, H1CY25 sales of pyroxa were higher, supported by stronger US demand due to advance shipments amid tariff-related cost concerns. Sales in Australia exceeded expectations as legal actions proved effective, while sales in Argentina are expected to undershoot due to generic competition.

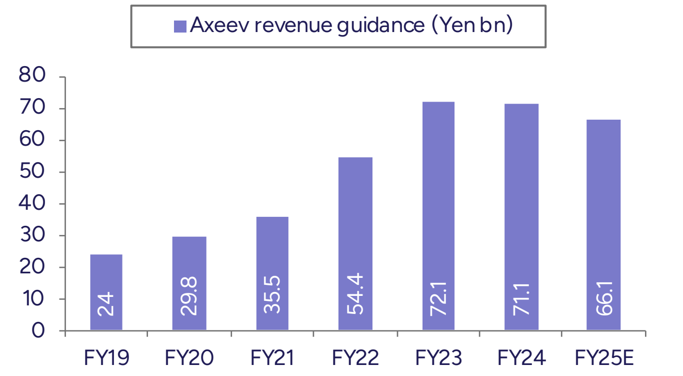
In FY26, we expect pyroxa volumes to decline as directed by Kumiai. However, PI's CSM revenue is likely to post single-digit growth, underpinned by strong traction from molecules launched over the past 3 years. Over the medium term, pyroxa volumes will depend on the success of mixed formulations and effectiveness of competitive pricing strategies.

Exhibit 23: CSM revenue to grow at 6% in FY26E



Source: Company, PL

Exhibit 24: Axeev sales guidance at ¥66.1bn for FY25E (Nov'24 -Oct'25)



Source: Company, PL

Proactive measures taken by Kumiai to counter patent expiry

Pyroxa patent has expired in Australia and Argentina. In the US, the patent will expire in H2CY25, while in Brazil, it is valid up to FY30. The US and Brazil constitute 75% of pyroxa sales, while Argentina, Australia and other countries constitute the remaining.

Exhibit 25: Generics to enter US by FY26 due to patent expiry

Expiration of Compound Patent

	FY2022	FY2023	FY2024	FY2025	FY2026	~	FY2030	FY2031
U.S				Expiration of data protection period	Anticipated generic entry			
Sales (¥ billion)	28.9	45.9	42.0					
Australia	generic entry							
	11.1	10.9	32.0					
Argentina			generic entry					
	67.0	64.0	13.9					
Brazil							Expiration of data protection period	Anticipated generic entry
	49.0	62.0	92.0					

Source: Kumiai, PL

Exhibit 26: Pyroxa is suitable for multiple crops

Geographical pyroxa use	Application	Entry of generics
US	Soybean, corn	Patent valid until CY25
Australia	Wheat, barley	Entered in CY22, mixed formulations proportion is low. No IP right available
Argentina	Soybean, corn, wheat	Estimated to enter in CY24. No IP right available
Brazil	Wheat, sugarcane, soybean, corn	Patent valid until CY30

Source: Industry, PL

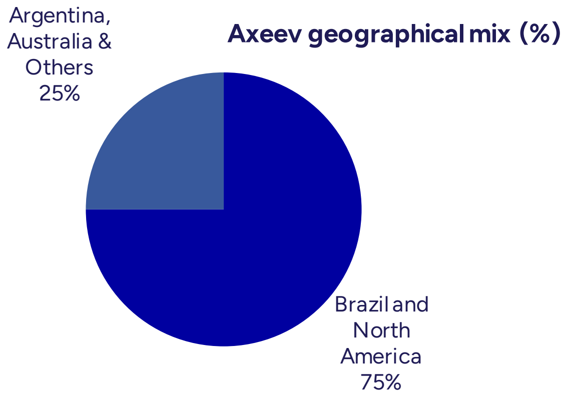
Patents are valid for mixed formulations

Kumiai has taken numerous countermeasures to ensure volumes for pyroxa don't get impacted, such as promotion and development of mixed formulations containing pyroxa. ***Patents are valid for mixed formulations.***

In Australia, the proportion of mixed formulations containing pyroxa is just 13% of total pyroxa sales, so generics find it very easy to enter the market. Here, Kumiai is trying to maintain market share by implementing strategic prices as well as taking decisive measures against illegal products.

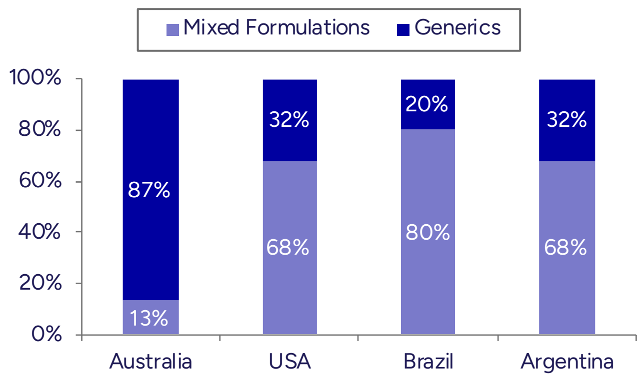
In the US, Argentina and Brazil, the area treated with mixed formulations is higher, 70%-80% of the total area treated. Generics find it difficult to enter this market compared to Australia.

Exhibit 27: Geography-wise Axeev sales



Source: Kumiai, PL

Exhibit 28: Mixed formulations and generics sales



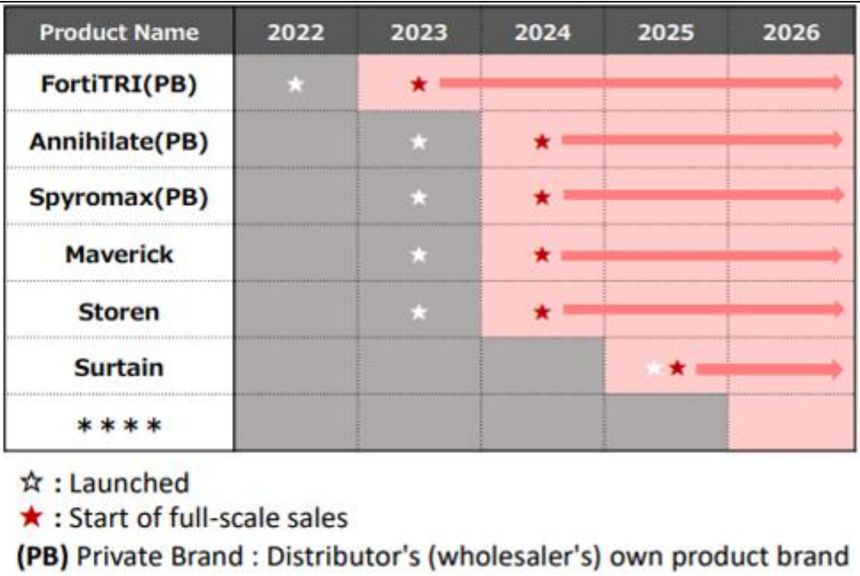
Source: Kumiai, PL

Future prospects for pyroxa

As pyroxa is transitioning from growth to mature stage, patent for the product has expired in a few countries and will be expiring in a few more over the next few years. Kumiai is taking multiple initiatives to maintain and expand sales of the product, like implementing appropriate pricing strategy, strengthening sales promotions and reducing production costs.

Additionally, Kumiai has outlined a strategy for the development of mixed formulations containing Axeev in the US and other markets. It is focusing on launching private brand products, for which it is working closely with distributors to manufacture products that will be marketed under their brands. We believe that this strategy is an effort to give distributors more ownership of the product to enhance sales of Axeev-based products.

Exhibit 29: Mixed formulations and private brands (PB) launched in US



Source: Kumiai, PL

Legal cases relating to Axeev

As of Jun'25, Kumiai had filed 13 lawsuits for patent infringements: 8 cases in China, where it is manufactured, and 5 in Australia, where it is sold.

3 cases among these 13 have resulted in prevailing settlements. These include a lawsuit filed against ADAMA Australia Pty Ltd in Apr'24. In Jul'24, the case was ruled in the favor of Kumiai, barring ADAMA Australia from selling, using and importing any pyroxa product produced by the process claimed in the patent, without the license or authority of Kumiai. Another lawsuit filed in China in Jul'24 resulted in the holding of process patent of pyroxa.

Exhibit 30: Lawsuits filed by Kumiai in China

Date	Lawsuit against	Comment
Jul'24	Kumiai pyroxa process patent held in China	Resolved in favor of Kumiai
Jul'24	Anhui Jiuyi Agriculture Co, Ltd and Anhui Jukai Agurochemical Co, Ltd	Court proceeding ongoing
Oct'24	Hangzhou Kingtai Chemical Co, Ltd	Court proceeding ongoing
Oct'24	Hebi Baoruide Chemical Co, Ltd	Court proceeding ongoing
Dec'24	Jiangsu Agrochem Laboratory Co, Ltd	Court proceeding ongoing

Source: Kumiai, PL

Exhibit 31: Lawsuits filed by Kumiai in Australia

Date	Lawsuit against	Comment
Apr'24	ADAMA Australia Pty Ltd	Resolved in favor of Kumiai
Jul'24	Kenso Corporation (M) Sdn Bhd and its related entity	Second court proceeding ongoing
Nov'24	Crop Smart Pty Ltd	Court proceeding ongoing
Nov'24	Conquest Crop Protection Pty Ltd	Court proceeding ongoing
Nov'24	Farmers Australia Pty Ltd	Court proceeding ongoing

Source: Kumiai, PL

Competition in pyroxa

Many Chinese players are planning to add ~6,300mtpa of pyroxa capacity by CY27, led by Rainbow Agro's 2,000mtpa facility, along with planned capacities from Jingbo Agrochem (2,000mtpa), Zhongshan Chemical (1,000mtpa), and Shandong Yonghao (1,000mtpa). In India, Best Agrolife has also announced pyroxa capacities.

However, while competitive intensity is set to rise, most of the pyroxa sold globally is in the form of formulations, for which patents remain valid until 2030, providing a near-term cushion against generic pressure.

Diversification of CSM portfolio beyond pyroxa

Newer molecules contribute to ~31% YoY growth in FY25 and 15-18% of total CSM revenue

The CSM division of PI has been the key growth driver historically. However, with patent expiries in certain geographies and intensifying generic competition for pyroxa, the company has shifted its focus toward broadening the CSM portfolio and diversifying revenue streams away from over-reliance on a single molecule.

PI has commercialized 15+ molecules in the last 3 years, with several progressing from early stage to commercial-scale supply. **Newer molecules contributed to ~31% YoY growth in FY25 and ~15-18% of total CSM revenue**, partly offsetting the slowdown in pyroxa. The pipeline includes herbicides, fungicides and insecticides, across multiple innovators, thereby reducing concentration risk.

Exhibit 32: Other key molecules of PI

Product	Customers	% of CSM (FY25)
Fluindapyr technical	FMC	3%
Trifluoroethoxy methyl 747 ether	Bayer	1%
2-Amino-5-chloro-N,3-dimethylbe	FMC	3%
PCM N-2-chloro-4-fluoro-5-ethoxycarbo	BASF	1%
Bicyclo 3.2.1 octane-2,4-dione (BIOD Tech)	Syngenta Crop Protection AG	2%

Source: Industry, PL

PI has also developed a novel insecticide **pioxaniliprole** built on diamine chemistry and is part of CTPR family, which protects crops like rice, corn, soya, chili, vegetables and fruits from harmful pests. It works by disrupting insect muscles, stopping them from feeding and eventually killing them.

Pioxaniliprole has reached Phase 3 clinical trial, which marks a critical milestone in its development journey. The compound is undergoing data registration, application preparation and multi-country trials.

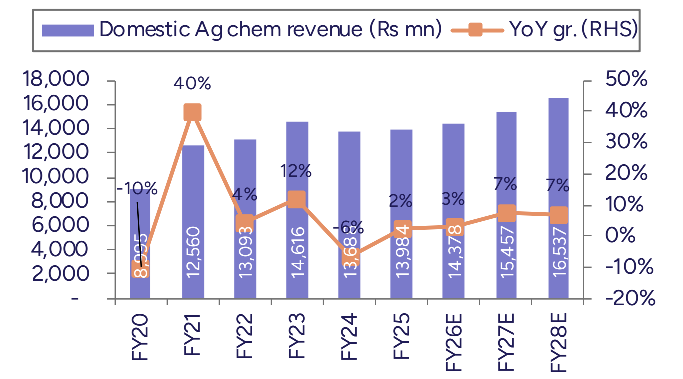
The management expects pioxaniliprole to be commercialized in India within the next 2 years. This timeline represents the culmination of over a decade of R&D.

New launches & biologicals to drive domestic growth

PI's domestic agrochemicals business grew 9% CAGR over FY20-25. This segment represented 18% of FY25 revenue and encompasses manufacturing and distribution of formulations (finished products like agrochemicals, specialty fertilizers, and plant nutrients) in the market under proprietary brands. It is navigating the pricing pressure through portfolio premiumization.

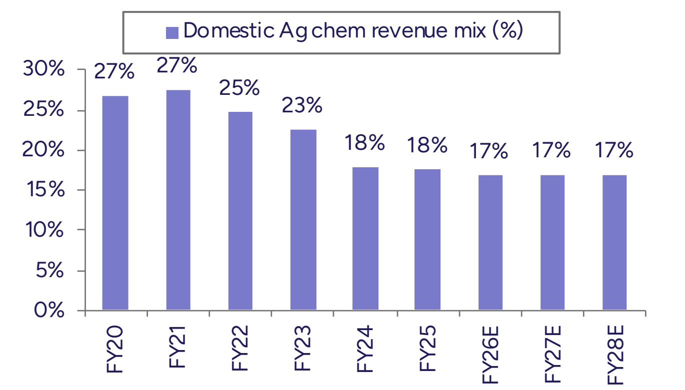
We expect domestic brands' revenue to reach Rs16.5bn in FY28E, growing at 6% CAGR from FY25-28E. Revenue mix is expected to be at 17% in FY28.

Exhibit 33: Domestic revenue grows 9% CAGR over FY20-25



Source: Company, PL

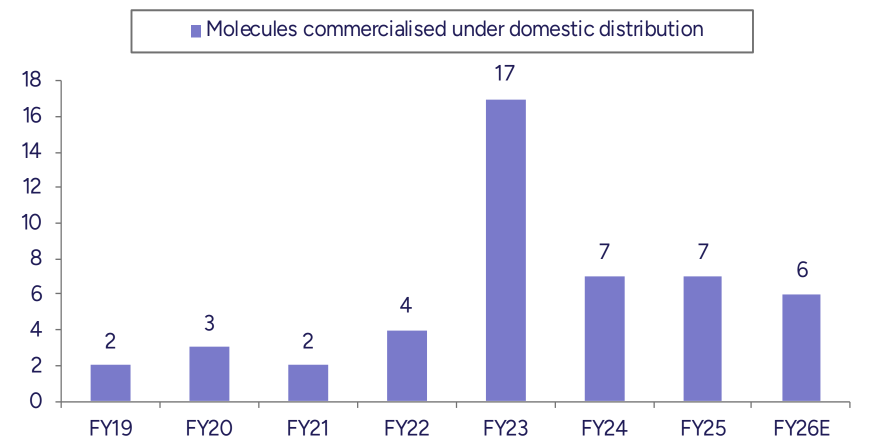
Exhibit 34: Domestic mix stable at 18% in FY24 and FY25



Source: Company, PL

PI keeps scouting for innovator molecules with potential domestic opportunity. Domestic revenue is strongly linked to the CSM business. In FY25, the company launched 7 new brands under its domestic formulations business and plans to launch another 6-7 molecules in FY26. The development pipeline comprises 20+ new products, which are in various phases of development and regulatory registration.

Exhibit 35: PI commercializes 7 products under domestic formulations in FY25



Source: Company, PL

The company has adopted following strategies for its domestic business:

- **In-licensing:** PI enters into an exclusive in-licensing agreement with the innovator to distribute the latter's formulations in India by leveraging its vast pan-India distribution network. Domestic registration of the patented molecules occurs under PI's name, granting it rights to market and distribute the products in the country.
- **Brand building:** The company markets generics products through proprietary PI brands, which ensures longer product cycles.
- **Co-marketing with domestic peers:** PI enters into strategic partnerships with domestic peers, to establish market presence and preference for key products while retaining registration right.

PI also undertakes other important activities like efficacy and toxicity studies, and trials. Its pan-India distribution network includes 15,000+ distributors and 100,000+ retail points.

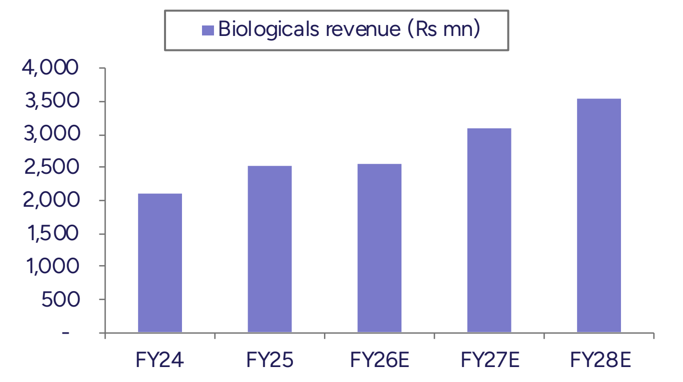
Focus on growing biologicals portfolio

Temporary ban on biologicals sales has been withdrawn by HC in Aug'25

PI has developed a wide range of biological products to tackle pests and boost crop yield. Its biologicals segment has an addressable market of USD25bn and contributed 18-20% to PI's domestic business in FY25, up from 9.2% in FY23. This 20% YoY growth in biologicals reflects strong farmer adoption and market demand. The management has guided for 5x growth in biologicals revenue in the next 5 years, led by significant expansion of the portfolio. PI is focused on expanding biologicals through in-licensing, brand marketing and co-marketing.

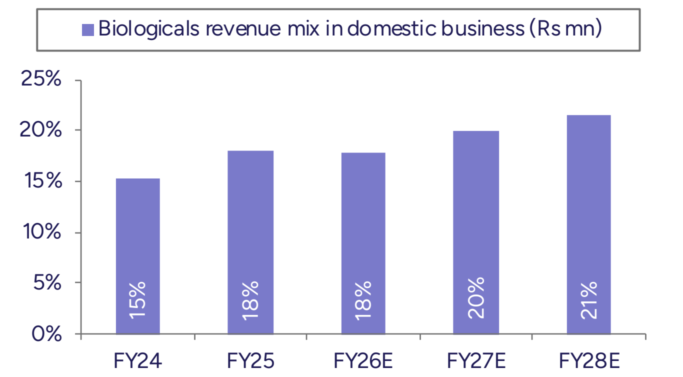
However, temporary regulatory challenges from Jun'25 to Aug'25 impacted growth momentum of biologicals during the kharif season. Biologicals degrew by 38% in Q1FY26, and Q2FY26 sales are expected to be low. The Delhi High Court has stayed the earlier ban on sales of biologicals. Hence, we expect revenue to grow by just 2% in FY26E.

Exhibit 36: Biologicals revenue to clock 12% CAGR in FY25-28E



Source: Company, PL

Exhibit 37: Biologicals to be 21% of domestic revenue in FY28E



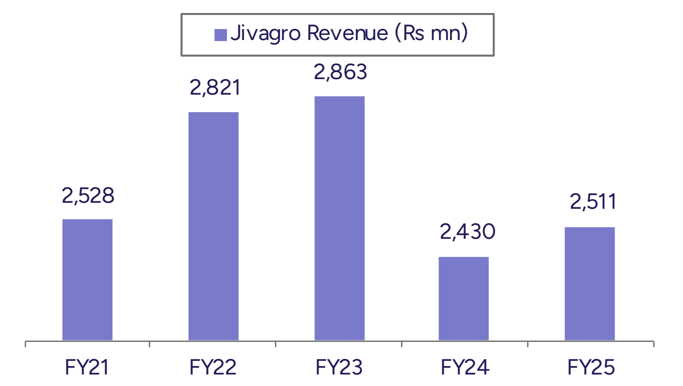
Source: Company, PL

Focus on horticulture through Jivagro brand

PI established Jivagro Ltd as a wholly owned subsidiary in 2019, specifically targeting the high-growth horticulture segment. FY25 revenue from Jivagro stood at Rs2.5bn, with net profit at Rs243mn.

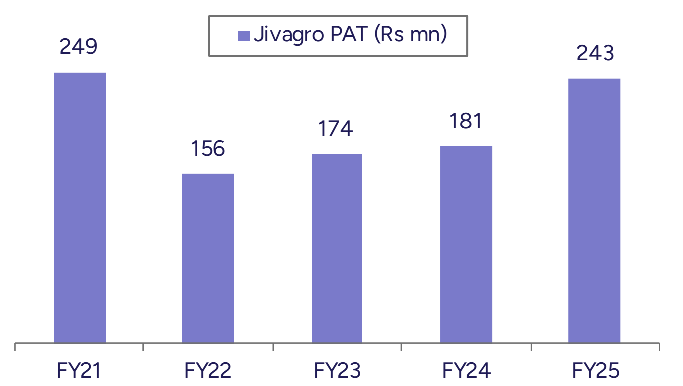
Jivagro operates with specialized infrastructure designed for horticulture market requirements. PI has launched 66 products under this brand, with dedicated marketing and distribution channels. Jivagro contributes to 17%-18% of PI's domestic revenue.

Exhibit 38: Jivagro revenue declines in FY24 and FY25



Source: Company, PL

Exhibit 39: Jivagro PAT at Rs243mn in FY25



Source: Company, PL

Acquisition of PHC to strengthen biologicals portfolio

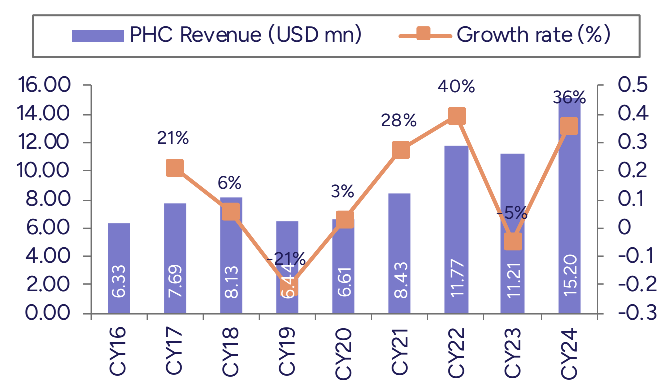
In CY24, through its subsidiary PI Industries Management Consultancies LLC, PI acquired UK-based Plant Health Care (PHC), which has operations across Brazil, Mexico, Spain, the UK and the US. PI acquired PHC for a cash consideration of ~£32.8mn, fully funded through QIP proceeds. This acquisition strengthens PI's portfolio of biological solutions for sustainable agriculture.

PHC has proprietary intellectual property, and advanced capabilities in protein and peptide technology, an emerging, next-generation approach to biological crop protection characterized by high efficacy and strong environmental credentials. Its patented PREtec peptide portfolio has gained meaningful traction in recent years, supported by regulatory approvals and successful commercialization across key global markets.

PHC has a strong R&D base in the US, and its products are witnessing increasing adoption worldwide. This segment reported consolidated revenue of Rs537mn and net loss of Rs326mn from Aug'24 to Mar'25.

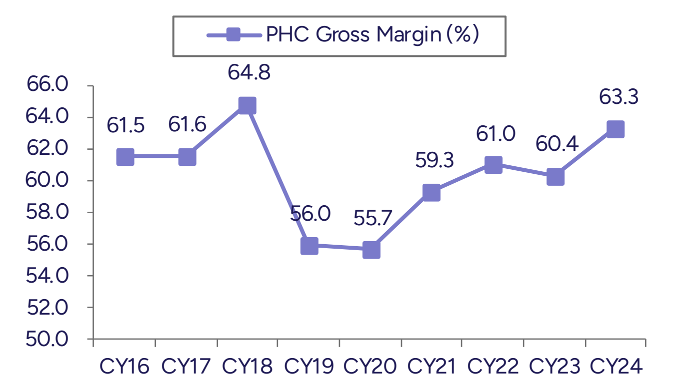
PI's biologicals portfolio, which is currently domestic focused, has delivered robust growth, with revenue rising 29% in FY24 and 20% in FY25. With growing global preference for integrated agri-input solutions, the biologicals market is projected to expand going forward.

Exhibit 40: PHC revenue grows by 36% in CY24



Source: Company, PL

Exhibit 41: PHC GM improves by 290bps in CY24



Source: Company, PL

Over CY19–24, PIHC delivered revenue CAGR of ~19%, with sales increasing from USD6.4mn to USD15.2mn. Gross margin improved by 733bps, reaching 63.3% in CY24 versus 56% in CY19. While the company continues to report operating losses, profitability metrics are steadily improving. EBITDA losses narrowed sharply to -USD0.5mn in CY24 from -USD3.85mn in CY23. We believe that synergies with PI will drive long-term value creation, accelerate the growth trajectory, and enable PHC to achieve profitability in the near term.

Differentiated play across pharma value chain

PI has over 75 years of experience serving leading global agrochemical innovators. It is now extending its proven partnership model to the pharmaceutical sector as part of its diversification strategy. The company entered the pharma space through its subsidiary, PIHS, by acquiring Archimica (Italy) and Therachem Research Medilab (TRM; US and India), alongside establishing a dedicated research center in Hyderabad in Apr'23.

Through its pharmaceuticals business, PIHS aims to provide integrated contract research, development and manufacturing organization (CRDMO) services offering end-to-end solutions in drug discovery, development and manufacturing. These capabilities are spread across its advanced facilities in India, Italy and the US, enabling the company to serve global innovator clients with scale, speed and scientific expertise.

Exhibit 42: Segments in the CRDMO space

Segment	Key capabilities
CRO	AI-assisted drug design, medicinal & synthetic chemistry, analytical & regulatory support
CDMO	Process R&D, GMP manufacturing from preclinical to commercial scale, high-potency APIs (OEB4), scale-up and tech transfer
APIs & key starting materials	cGMP APIs, advanced intermediates, FDA & AIFA approvals

Source: Company, PL

Strategic acquisitions for developing the pharma vertical

Therachem Research Medilab LLC

- TRM India is engaged in the business of research, development and manufacturing of chemical compounds, which are ultimately used for manufacturing API and other pharmaceutical products.
- PI also acquired Solis Pharmachem, a subsidiary of TRM USA.
- TRM has manufacturing facilities in India and R&D centers in both India and the US, working closely with marquee US-listed biotech companies and major global pharmaceutical players.
- The acquisition was completed for a total consideration of USD50mn, with an additional USD25mn performance-linked payout over the next 6 years.

Archimica SpA Italy

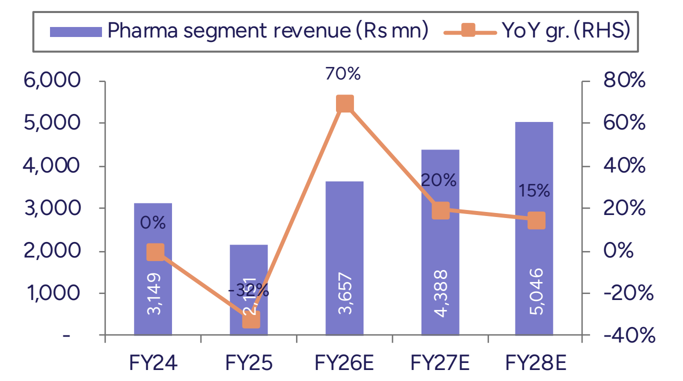
- Archimica SpA is a small-molecule API manufacturer and CDMO with over 75 years of operations in Europe. The company serves more than 60 marquee customers across 30+ countries, offering a diversified global client base.

- PIHS acquired Archimica for a total purchase consideration of EUR34.2mnn.
- As part of the acquisition strategy, PI retained Archimica's existing leadership team, ensuring continuity of operations and leveraging its established customer relationships.

Pharma segment to break even at Rs5bn topline

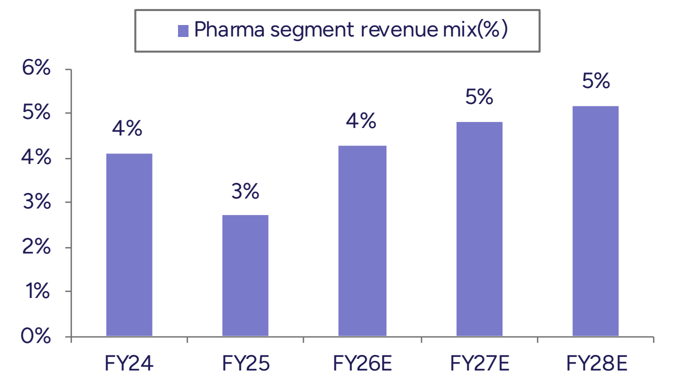
PIHS aims to onboard 3–4 large pharmaceutical customers, having already secured 2 in FY25 and targeting another 2 by the end of FY26. In FY25, the pharma segment reported revenue of Rs2,151mn with gross margin of 52%. The business model is designed to deliver 60–65% gross margin, and as scale builds, operating leverage is expected to drive significant improvement in profitability. However, the segment reported EBITDA loss of Rs1.8–1.9bn in FY25. The management expects to achieve breakeven once revenue scales to ~Rs5bn.

Exhibit 43: Pharma revenue to reach ~Rs5bn by FY28



Source: Company, PL

Exhibit 44: Pharma revenue mix to be 5% in FY28E

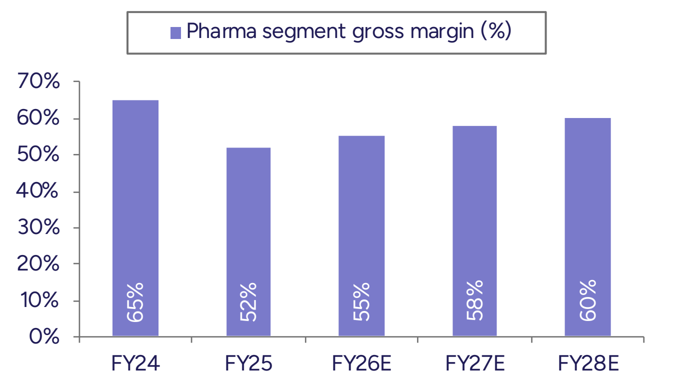


Source: Company, PL

Management has set an ambitious goal of achieving 3–4x revenue growth over the next 3–4 years in the pharma segment

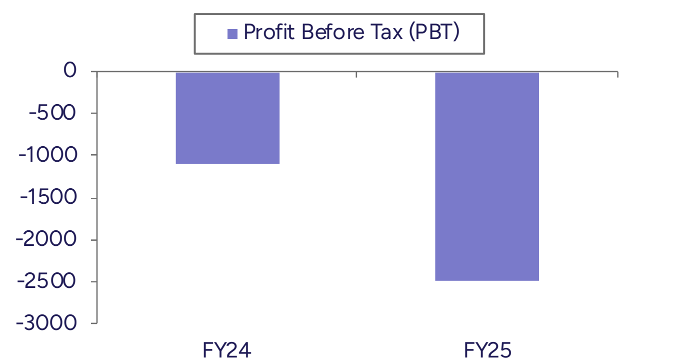
Looking ahead, the management has set an ambitious goal of achieving 3–4x revenue growth over the next 3–4 years. For FY26, it has guided for 75% YoY growth in pharma revenue. We estimate pharma revenue to reach Rs3.7bn by FY26 and ~Rs5bn by FY28, translating into 33% CAGR over FY25–28E. Gross margin is projected to expand to 60% by FY28, underscoring strong profitability potential.

Exhibit 45: GM of pharma segment to reach 60% in FY28E



Source: Company, PL

Exhibit 46: Pharma PBT loss at Rs2.5bn in FY25



Source: Company, PL

The company's global footprint and service portfolio have been significantly enhanced through the strategic acquisitions of Archimica (Italy) and TRM (India and US). These acquisitions position PIHS strongly to scale its operations and capitalize on growth opportunities in the global CRDMO market.

Company Overview

PI Industries: Leading agroscience company in India

PI was originally incorporated as Mewar Oil & General Mills Ltd in Dec'1946 and was subsequently renamed PI Industries Ltd in 2000. It is one of India's leading agroscience companies with strong presence in the domestic crop protection market and long-standing relationships with several global innovators. Established as a trusted partner in CSM as well as branded agri-input distribution, PI has built a differentiated business model combining R&D strength, manufacturing scale, and a wide distribution network. In FY25, ~70% revenue of the company came from patented molecules.

PI has expanded into pharma CRDMO through PIHS and subsidiaries TRM LLC and Archimica SpA.

Business segments

CSM

- Core business segment catering to global innovators in the agrochemicals industry
- Manufactures active ingredients, intermediates, and niche fine chemicals
- Services include process development, scale-up of kilo/pilot labs, and large-scale commercial manufacturing
- Focus on patented molecules in early life cycle stages, leveraging complex chemistry and process technology
- Operates on a **take-or-pay model**, ensuring revenue visibility even if the customer does not take delivery
- New molecules commercialized have steadily grown, with numbers reaching **6 in FY25** from **3 in FY19**, reflecting robust execution

Domestic agri-inputs

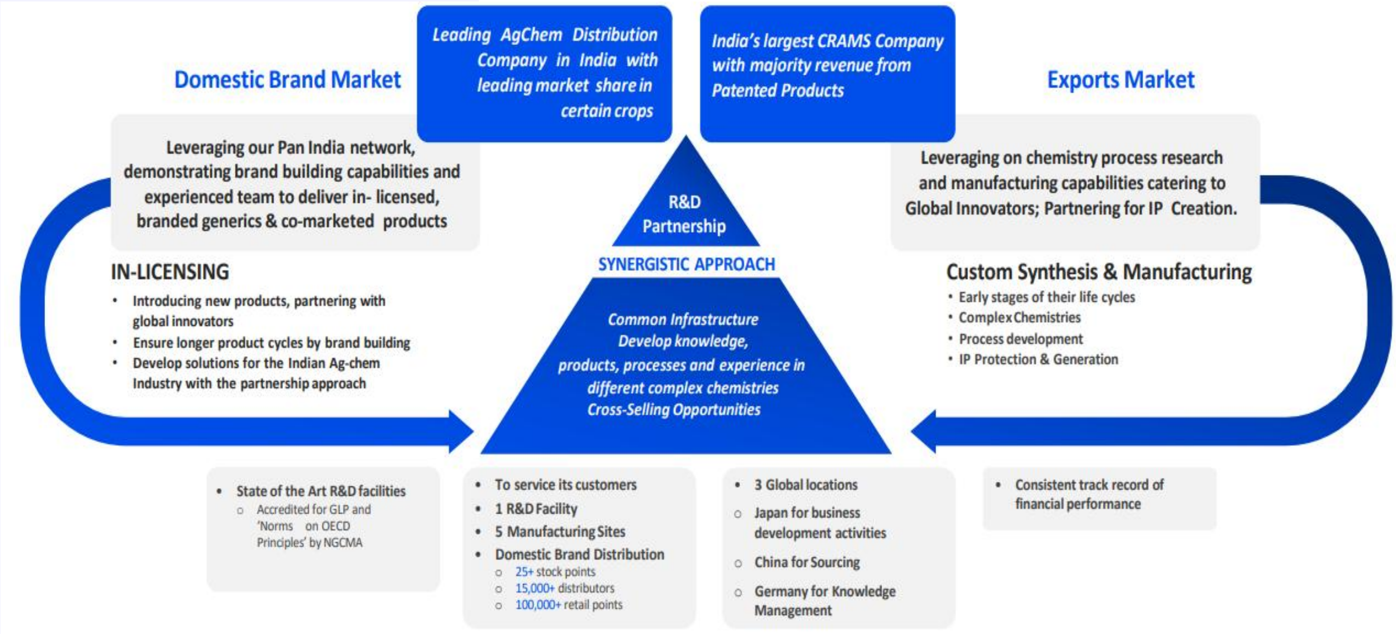
- Manufacturing and distribution of branded formulations (insecticides, herbicides, fungicides, biostimulants, specialty fertilizers, and plant nutrients)
- Strongly linked with CSM, as many formulations are derived from innovator molecules
- **In-licensing agreements:** Exclusive rights to register and distribute innovator molecules in India
- **Co-marketing arrangements:** Reverse-shared molecules with domestic peers to expand reach
- Key activities include product registration, efficacy and toxicity trials, and field studies

- Number of new molecules commercialized under domestic distribution peaked at **17 in FY23**; **7 launched** in FY25

Health sciences (pharmaceuticals)

- Engaged in CRDMO services for global pharmaceutical companies
- Provides end-to-end capabilities from early drug discovery and process development to clinical and commercial-scale manufacturing
- Operations carried out through subsidiaries TRM LLC (US & India) and Archimica SpA (Italy)
- Differentiated expertise in flow chemistry, biocatalysis, and high-potency API manufacturing
- Business model leverages strong innovator partnerships, similar to agro CSM, with focus on complex and patented molecules
- Positioned to capture the growing global outsourcing opportunity in pharma R&D and manufacturing

Exhibit 47: Non-conflicting agro business model



Source: Company, PL

Exhibit 48: Operational and infrastructure capabilities

Parameter	Details
Manufacturing sites	5 sites spread across 200 acres in Gujarat
Multi-purpose plants	15 fully automated DCS-controlled plants
Formulation facilities	5 facilities for domestic and global clientele
R&D facilities	1 facility at Udaipur and new one at Hyderabad

Source: Company, PL

PI's crop solution products span a wide range of crops, including horticulture, soybean, chili, sugarcane, rice, wheat, cotton and corn.

As of FY25, the company had filed 212 patents

As of FY25, the company had filed 212 patents, reflecting its focus on intellectual property creation. The company spent Rs2,312mn on R&D, equivalent to 3% of its annual revenue. On the distribution front, PI has an extensive network of over 15,000+ channel partners and a retail reach spanning more than 80,000 retailers, enabling deep penetration across the Indian agroscience market.

Management team

Exhibit 49: PI management team

Name	Designation	Key responsibilities
Mr. Salil Singhal	Chairman Emeritus	Strategic guidance, industry relations, leadership legacy
Mr. Mayank Singhal	Vice Chairman & Managing Director	Overall strategy, global partnerships, business expansion
Mr. Rajnish Sarna	Joint Managing Director	CSM business, global alliances, operational excellence
Mr. Prashant Channagiri	CEO – Pharma CRDMO (PIHS)	Pharma business strategy, global CRDMO expansion
Mr. Sunil Batra	Chief Operating Officer	Manufacturing operations, supply chain, scale-up
Mr. Shishir Gupta	Chief Financial Officer	Financial management, capital allocation, investor relations

Source: Company, PL

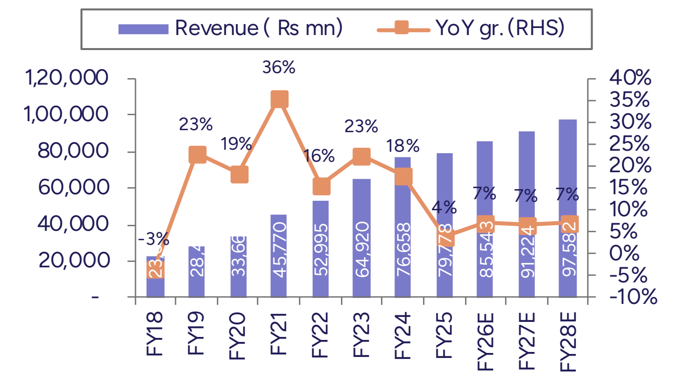
Financials and Valuations

Revenue to clock 7% CAGR over FY25-28E

PI has delivered revenue CAGR of ~19% over FY20–25, driven by sustained momentum in agchem CSM exports, steady growth in the domestic branded portfolio, and accelerating traction in biologicals. FY25 revenue grew ~4% YoY, despite a weak global agchem cycle, with mix improvement driving margin resilience.

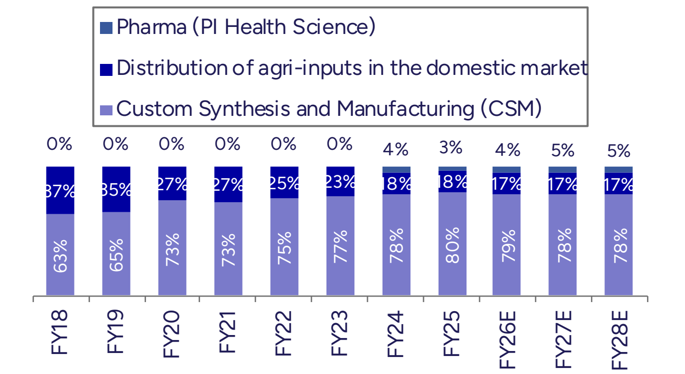
The company has guided for single-digit consolidated revenue growth in FY26 as inventories normalize in global markets, with a sharp rebound in pharma (PIHS) and continued scale-up of newly commercialized molecules, expected to lead to medium-term double-digit growth.

Exhibit 50: Revenue to clock 7% CAGR over FY25-28E



Source: Company, PL

Exhibit 51: Pharma revenue mix to improve to 5% in FY28E



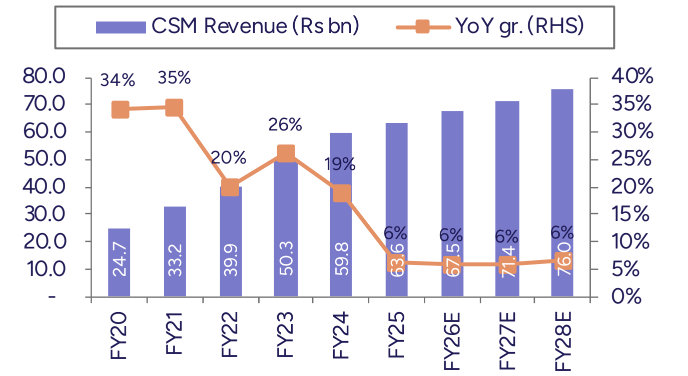
Source: Company, PL

The company's growth over FY20–25 was largely driven by its agchem CSM exports segment, which recorded 21% CAGR. This was supported by the scale-up of early stage molecules for innovator customers, with pyroxa being a key growth driver. The company has commercialized over 15+ molecules in the last 3 years. New products delivered ~31% YoY growth in FY25, partially offsetting the cyclical slowdown and pricing pressure in the broader agchem market.

On the other hand, the domestic agri-brands business reported a more moderate 9% CAGR, aided by the expansion of its crop-solutions approach, including 7 new product launches in FY25. The company maintained its strategic focus on premiumization and cross-selling opportunities. Within this, the biologicals portfolio grew ~20% YoY in FY25, driven by product expansion and deeper on-ground partnerships. Branded revenue increased ~6% YoY, supported by 9% rise in volumes, though pricing pressure weighed on overall growth.

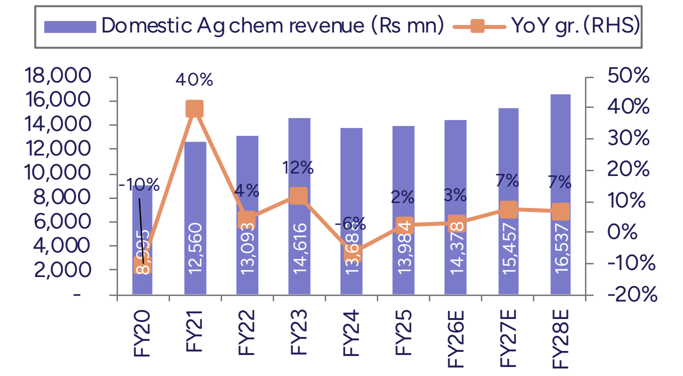
FY25 was a transition year for the pharma segment, with revenue declining 31% due to deferred offtakes and legacy inventory cleanup. However, the company undertook significant operational upgrades, including commissioning of the Lodi kilo labs, strengthening of the Hyderabad R&D center, and enhancing capabilities at the Jaipur facility. These initiatives have laid a strong foundation for future growth. Looking ahead, management has guided for a robust 75% revenue growth in FY26, accompanied by improved margins.

Exhibit 52: CSM revenue to grow at 6% CAGR in FY25-28E



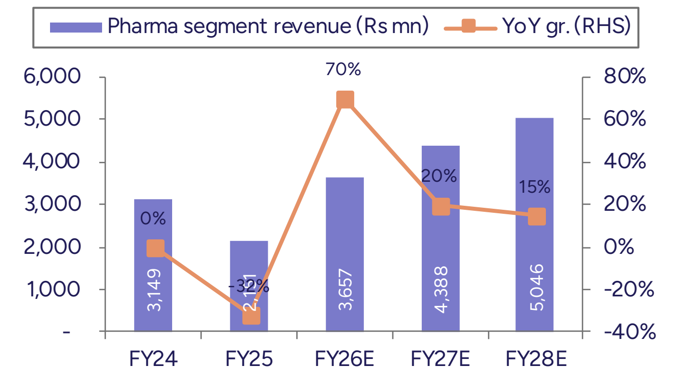
Source: Company, PL

Exhibit 53: Domestic revenue to grow at 6% in FY26E



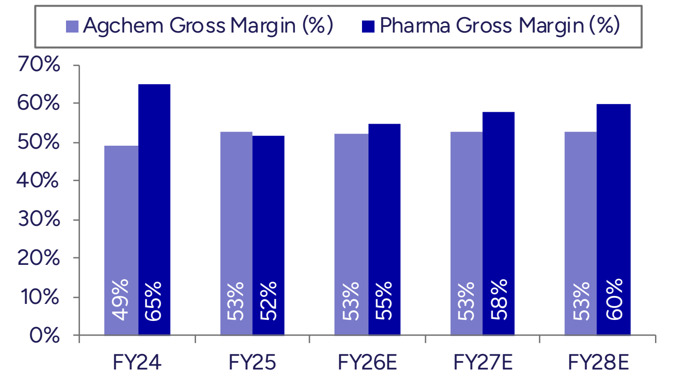
Source: Company, PL

Exhibit 54: Pharma segment to grow by 70% in FY26E



Source: Company, PL

Exhibit 55: Pharma GM to reach 60% by FY28E



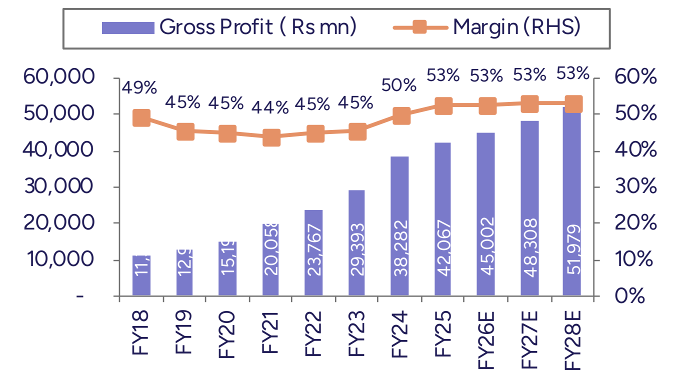
Source: Company, PL

The company's gross margin expanded steadily from 43.8% in FY21 to 52.7% in FY25, supported by a richer product mix, scaling of new molecules in agchem CSM, and strong growth in biologicals. In FY25, gross margin improved by ~279bps YoY, despite a weak global agchem cycle. Segment-wise, the agchem business reported gross margin of 52.8%, while pharma achieved 52%, with the latter structurally built to deliver margins in the 60–65% range over time.

Looking ahead, the management expects consolidated gross margin to remain stable at 52%–53% over FY25-28E, with potential upside driven by the scale-up of higher margin new products, increasing contribution from biologicals, and normalization of pharma margins post one-offs, alongside revenue ramp-up from CRDMO wins.

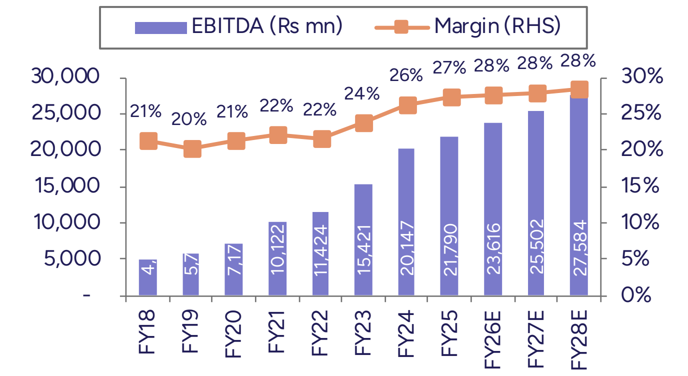
The agchem business, which comprises CSM exports, domestic branded products, and biologicals, remains the company's cash-generating engine, contributing the entirety of operating profit. In contrast, the pharma business is still in the scale-up phase and has been reporting operating losses since inception.

Exhibit 56: GM to remain stable at 52%-53%



Source: Company, PL

Exhibit 57: EBITDAM to expand to ~28.3% by FY28E

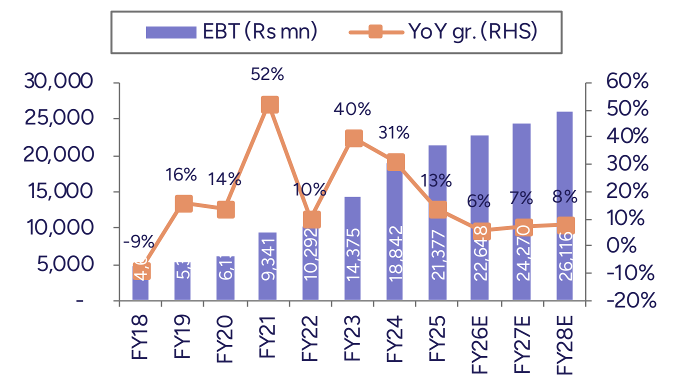


Source: Company, PL

EBITDAM has steadily improved over the past 5 years, expanding from 22.1% in FY21 to 27.3% in FY25, up 520bps. The CSM exports business continues to be the key margin driver, supported by long-term contracts, intellectual property protection, and limited competitive intensity. In contrast, the domestic branded business typically operates at structurally lower margins, given the impact of weather conditions and high competitive intensity. This segment has witnessed meaningful margin improvement in recent years, aided by product innovation, a robust distribution franchise, and a shift toward premium offerings. On the pharma front, the management expects the business to achieve EBITDA breakeven once revenue scales to ~Rs5bn. Overall, we expect EBITDAM to remain resilient in the near term, at 28% in FY26, with gradual expansion thereafter as operating leverage and business mix benefits play out. We expect margin to further strengthen and reach ~28.3% by FY28E. Over FY20–25, the company's EBT grew at 28% CAGR, driven by the strong performance of agchem. During FY25, the pharma segment reported operating loss margin of ~15%, though it is expected to turn profitable within the next 2–3 years as revenue ramps up.

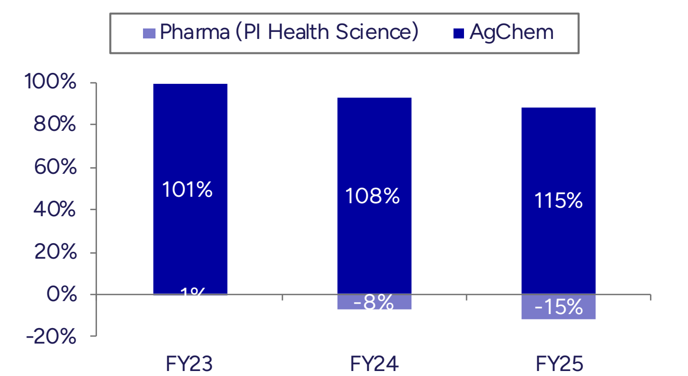
EBT is projected to grow at ~7% CAGR over FY25–28E, moderated by pricing pressure across agrochemicals and slower growth in pyroxa, a key molecule for the company.

Exhibit 58: EBT to grow at ~7% CAGR from FY25-28E



Source: Company, PL

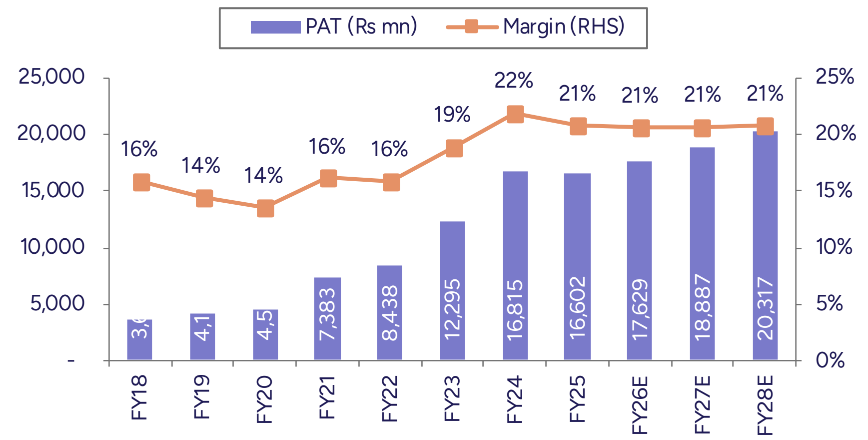
Exhibit 59: Pharma business witnesses operating loss in FY25



Source: Company, PL

PI delivered strong PAT growth of 29% over FY20-25 and PAT was stable at Rs16.6bn in FY25. PAT margin rose from the mid-teens in FY21–22 to ~22% in FY24 and dipped slightly to ~20.8% in FY25 as tax/one-offs and pharma scale-up costs weighed on the bottom line. The near-term PAT trajectory for the company will be driven by how quickly pharma (PIHS) converts its development funnel into recurring commercial revenue and margin as well as the ramp-up of new high-margin agchem molecules and biologicals. We expect PAT margin to remain at 21% in FY28 and absolute PAT to grow at 7% CAGR over FY25–28E.

Exhibit 60: PAT to grow at 7% CAGR over FY25-28E



Source: Company, PL

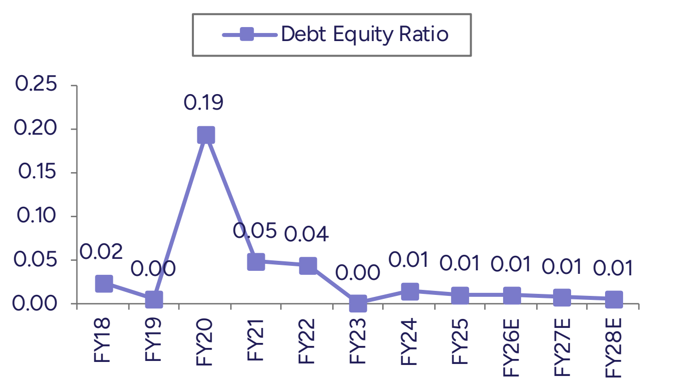
Healthy balance sheet remains key strength

Capex for FY26 is expected to be at Rs7.5bn

PI has consistently maintained a strong balance sheet, underpinned by healthy cash flows from its core agchem CSM business and prudent capital allocation. The company's financial strength provides significant headroom to fund growth initiatives across its segments, while retaining flexibility for inorganic opportunities.

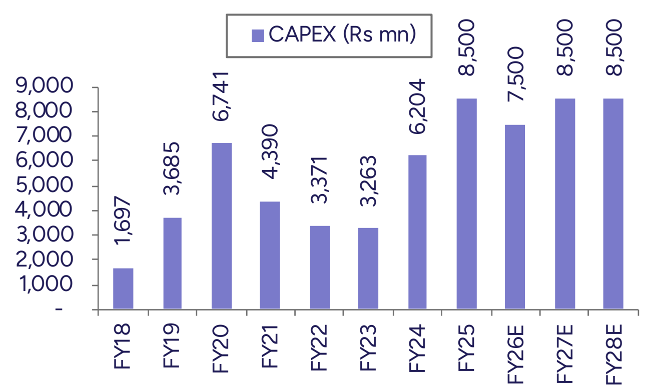
PI has remained net debt free, with negligible long-term borrowings. Balance sheet strength is reflected in its D/E ratio of ~0.01x in FY25, highlighting minimal leverage. As a result of strong internal accruals and disciplined capex spending, growth has been largely funded through operating cash flows. The company invested Rs8.5bn in capex in FY25. For FY26, it is expected to invest Rs7.5bn, largely funded through internal accruals.

Exhibit 61: Debt to equity remained below 0.01x in FY25



Source: Company, PL

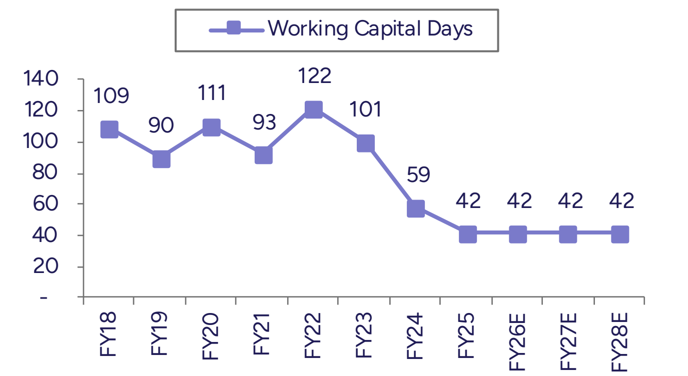
Exhibit 62: Capex est at Rs7.5bn in FY26E



Source: Company, PL

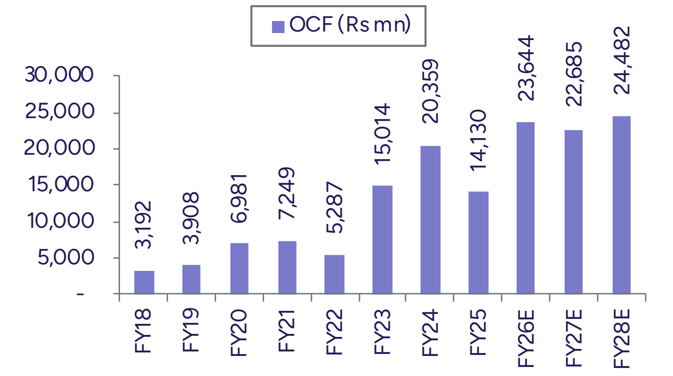
Working capital has been efficiently managed, despite a global agchem downcycle. The company operates on a working capital cycle of 40-45days, supported by its long-term contracts in CSM and robust customer relationships. Working capital days used to be ~100days, but have come down now due to efficient collection processes. Effective inventory management has helped keep working capital intensity stable while funding incremental growth.

Exhibit 63: Working capital days reduce to 42 from 100 historically



Source: Company, PL

Exhibit 64: Strong OCF, driven by CSM division



Source: Company, PL

FY25 operating cash flow stood at over Rs18bn, sufficient to cover its annual capex requirements and providing surplus for strategic initiatives. Healthy cash generation strengthens the company's ability to reinvest in R&D, capacity expansion, and scaling pharma platform without straining the balance sheet.

Valuation & Overview

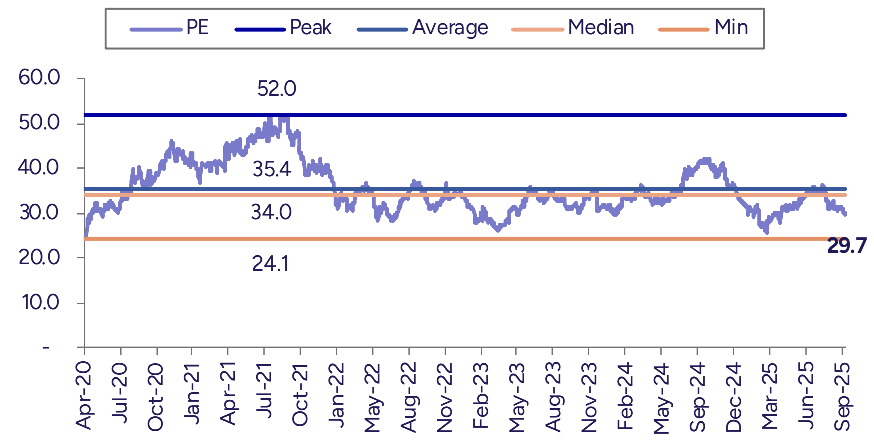
PI Industries has consistently delivered robust operating performance, underpinned by its resilient CSM business model and expanding domestic formulations business. Over FY20–25, the company posted a revenue CAGR of 19% and EBITDA CAGR of 25%, supported by the success of pyroxa, multiple new molecule launches (contributing to 15–18% of CSM revenue), margin gains from cost optimization, and backward integration. PI has sustained superior return ratios (ROCE > 20%) while maintaining a strong balance sheet with minimal leverage.

Strategically, the company is diversifying into biologicals and pharma, with recent acquisitions broadening its technology portfolio and customer access. Its integrated R&D platform, strong client relationships, and disciplined capex reinforce its competitive edge. However, near-term growth is likely to moderate, given potential generic competition for pyroxa and muted demand in its domestic agchem brands.

We expect PI to deliver revenue/EBITDA/PAT CAGR of ~7%/8%/7% over FY25–28E, led by the scale-up of new CSM launches, biologicals and pharma. Margins should remain resilient on the back of rising contribution from patented products.

At CMP, the stock is trading at 28x FY27E EPS, slightly above its domestic agrochemical peers. While structural growth drivers remain intact, current valuations already capture much of the medium-term upside. We value PI at 28x Sep'27 EPS, arriving at TP of Rs3,618. Given limited re-rating potential in the near term, we assign 'HOLD' rating on the stock.

Exhibit 65: PI trading at 28x FY27 EPS



Source: Company, PL

Exhibit 66: Peer comparison

Companies	Revenue (INR Mn)					EBITDA (INR Mn)					PAT (INR Mn)					CAGR 2024-27E (%)		
	2024	2025	2026E	2027E	2028E	2024	2025	2026E	2027E	2028E	2024	2025	2026E	2027E	2028E	Revenue	EBITDA	EPS
PI Industries	76.1	79.0	84.0	94.1	106.5	20.1	21.8	22.2	25.1	28.5	16.8	16.6	16.6	18.7	21.4	7%	8%	4%
Anupam Rasayan India	14.4	14.0	12.7	18.4	22.5	3.8	4.0	3.5	5.2	6.4	1.3	0.9	1.3	2.6	3.5	8%	11%	27%
Coromandel International	220.6	240.9	279.9	300.7	316.5	24.4	27.1	32.6	39.6	47.6	16.4	20.7	22.7	28.0	33.9	11%	18%	19%
Rallis India	26.5	26.6	30.4	34.2	38.8	3.1	2.9	3.8	4.5	5.2	1.5	1.3	2.0	2.5	3.1	9%	12%	19%
Dhanuka Agritech	17.6	20.4	23.7	26.9	30.6	3.3	4.2	4.7	5.2	5.8	2.4	3.0	3.3	3.9	4.6	15%	17%	17%
Sharda Cropchem	31.6	43.2	50.2	57.0	64.6	2.8	6.3	8.7	10.1	12.0	0.3	3.0	4.8	5.4	6.4	22%	53%	157%

Source: Company, PL

Exhibit 67: Peer comparison

Companies	MCap (INR bn)	P/E (X)			EV/EBITDA (X)		
		2026E	2027E	2028E	2026E	2027E	2028E
PI Industries	550	30	28	26	21	19	17
Anupam Rasayan India	125	94	47	35	39	27	22
Coromandel International	664	29	23	20	19	16	13
Rallis India	62	31	24	28	16	13	11
Dhanuka Agritech	69	20	17	15	14	13	12
Sharda Cropchem	78	17	15	12	8	7	6

Source: Company, PL

Key Risks

- PI is majorly into agriculture-related products. Therefore, cyclicality in the agrochemicals industry may impact performance.
- The company is highly dependent on a few large clients, particularly Japan-based customers such as Kumiai, creating substantial vulnerability if any key relationship is reduced or terminated.
- Heavy reliance on pyroxa, which contributed ~43% of overall revenue in FY25, exposes the company to earnings volatility in case of regulatory challenges or competitive pressures. Several players such as Shandong Weifang Rainbow Chemical, UPL, and Best Agrolife have announced new manufacturing capacities for pyroxa, heightening competition risk.
- The agrochemicals sector is subject to stringent registration processes across countries and evolving environmental regulations. Any adverse change in regulatory policies, including export-import restrictions or environmental safety norms, could hinder growth.
- Higher-than-normal time lag in passing on raw material price increases could exert pressure on margins.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	**76,658**	**79,778**	**85,543**	**91,224**
YoY gr. (%)	*18.1*	*4.1*	*7.2*	*6.6*
Cost of Goods Sold	38,376	37,711	40,542	42,917
Gross Profit	38,282	42,067	45,002	48,308
Margin (%)	*49.9*	*52.7*	*52.6*	*53.0*
Employee Cost	7,013	7,837	7,699	8,210
Other Expenses	11,122	12,440	13,687	14,596
EBITDA	**20,147**	**21,790**	**23,616**	**25,502**
YoY gr. (%)	*30.6*	*8.2*	*8.4*	*8.0*
Margin (%)	*26.3*	*27.3*	*27.6*	*28.0*
Depreciation and Amortization	3,082	3,525	4,060	4,595
EBIT	**17,065**	**18,265**	**19,556**	**20,906**
Margin (%)	*22.3*	*22.9*	*22.9*	*22.9*
Net Interest	300	330	330	285
Other Income	2,077	3,442	3,422	3,649
Profit Before Tax	**18,842**	**21,377**	**22,648**	**24,270**
Margin (%)	*24.6*	*26.8*	*26.5*	*26.6*
Total Tax	2,132	4,818	5,118	5,483
Effective tax rate (%)	*11.3*	*22.5*	*22.6*	*22.6*
Profit after tax	**16,710**	**16,559**	**17,529**	**18,787**
Minority interest	(105)	(43)	(100)	(100)
Share Profit from Associate	-	-	-	-
Adjusted PAT	**16,815**	**16,602**	**17,629**	**18,887**
YoY gr. (%)	*36.8*	*(1.3)*	*6.2*	*7.1*
Margin (%)	*21.9*	*20.8*	*20.6*	*20.7*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**16,815**	**16,602**	**17,629**	**18,887**
YoY gr. (%)	*36.8*	*(1.3)*	*6.2*	*7.1*
Margin (%)	*21.9*	*20.8*	*20.6*	*20.7*
Other Comprehensive Income	245	-	-	-
Total Comprehensive Income	17,060	16,602	17,629	18,887
Equity Shares O/s (m)	**152**	**152**	**152**	**152**
EPS (Rs)	**110.8**	**109.4**	**116.2**	**124.5**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	**42,599**	**48,039**	**55,539**	**64,039**
Tangibles	42,599	48,039	55,539	64,039
Intangibles	-	-	-	-
Acc: Dep / Amortization	**13,056**	**14,856**	**18,916**	**23,511**
Tangibles	13,056	14,856	18,916	23,511
Intangibles	-	-	-	-
Net fixed assets	**29,543**	**33,183**	**36,623**	**40,528**
Tangibles	29,543	33,183	36,623	40,528
Intangibles	-	-	-	-
Capital Work In Progress	7,471	12,745	12,745	12,745
Goodwill	-	-	-	-
Non-Current Investments	568	2,338	2,338	2,338
Net Deferred tax assets	(202)	(551)	(551)	(551)
Other Non-Current Assets	3,273	4,979	3,695	3,922
Current Assets				
Investments	12,460	12,598	12,598	12,598
Inventories	13,012	9,839	10,578	11,197
Trade receivables	9,299	14,058	15,074	16,075
Cash & Bank Balance	27,039	24,996	38,149	49,065
Other Current Assets	4,938	8,008	6,843	7,298
Total Assets	**1,07,640**	**1,22,767**	**1,38,665**	**1,55,789**
Equity				
Equity Share Capital	152	152	152	152
Other Equity	87,158	1,01,418	1,16,403	1,32,457
Total Networth	**87,310**	**1,01,570**	**1,16,555**	**1,32,609**
Non-Current Liabilities				
Long Term borrowings	617	780	700	600
Provisions	364	266	257	274
Other non current liabilities	2,041	2,323	2,139	2,281
Current Liabilities				
ST Debt / Current of LT Debt	662	337	400	350
Trade payables	11,484	12,102	13,010	13,773
Other current liabilities	4,960	4,838	5,053	5,352
Total Equity & Liabilities	**1,07,640**	**1,22,767**	**1,38,665**	**1,55,789**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	18,947	21,420	22,748	24,370
Add. Depreciation	3,082	3,525	4,060	4,595
Add. Interest	300	330	330	285
Less Financial Other Income	2,077	3,442	3,422	3,649
Add. Other	(1,891)	(2,836)	-	-
Op. profit before WC changes	20,438	22,439	27,138	29,251
Net Changes-WC	3,671	(4,472)	1,624	(1,083)
Direct tax	(3,750)	(3,837)	(5,118)	(5,483)
Net cash from Op. activities	**20,359**	**14,130**	**23,644**	**22,685**
Capital expenditures	(12,527)	(11,933)	(7,500)	(8,500)
Interest / Dividend Income	1,532	2,227	-	-
Others	(7,010)	(4,536)	-	-
Net Cash from Invt. activities	**(18,005)**	**(14,242)**	**(7,500)**	**(8,500)**
Issue of share cap. / premium	-	-	-	-
Debt changes	248	(192)	(17)	(150)
Dividend paid	(1,744)	(2,276)	(2,644)	(2,833)
Interest paid	(453)	(139)	(330)	(285)
Others	(267)	(258)	-	-
Net cash from Fin. activities	**(2,216)**	**(2,865)**	**(2,991)**	**(3,268)**
Net change in cash	**138**	**(2,977)**	**13,152**	**10,917**
Free Cash Flow	14,155	5,630	16,144	14,185

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	110.8	109.4	116.2	124.5
CEPS	131.2	132.7	143.0	154.8
BVPS	575.6	669.6	768.4	874.2
FCF	93.3	37.1	106.4	93.5
DPS	11.5	15.0	17.4	18.7
Return Ratio(%)				
RoCE	0.2	0.2	0.2	0.2
ROIC	34.1	24.8	22.9	23.3
RoE	0.2	0.2	0.2	0.1
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.4)	(0.4)	(0.5)
Net Working Capital (Days)	113	104	104	104
Valuation(x)				
PER	31.5	31.9	30.0	28.0
P/B	6.1	5.2	4.5	4.0
P/CEPS	26.6	26.3	24.4	22.5
EV/EBITDA	24.4	22.6	20.3	18.4
EV/Sales	6.4	6.2	5.6	5.1
Dividend Yield (%)	0.3	0.4	0.5	0.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	**22,210**	**19,008**	**17,871**	**19,005**
YoY gr. (%)	*4.9*	*0.2*	*2.6*	*(8.1)*
Raw Material Expenses	10,714	8,990	8,030	8,091
Gross Profit	11,496	10,018	9,841	10,914
Margin (%)	*51.8*	*52.7*	*55.1*	*57.4*
EBITDA	**6,282**	**5,120**	**4,556**	**5,191**
YoY gr. (%)	-	-	-	-
Margin (%)	*28.3*	*26.9*	*25.5*	*27.3*
Depreciation / Depletion	798	991	902	965
EBIT	**5,484**	**4,129**	**3,654**	**4,226**
Margin (%)	*24.7*	*21.7*	*20.4*	*22.2*
Net Interest	85	83	79	39
Other Income	1,222	759	734	859
Profit before Tax	**6,621**	**4,805**	**4,309**	**5,046**
Margin (%)	*29.8*	*25.3*	*24.1*	*26.6*
Total Tax	1,546	1,080	1,017	1,074
Effective tax rate (%)	*23.3*	*22.5*	*23.6*	*21.3*
Profit after Tax	**5,075**	**3,725**	**3,292**	**3,972**
Minority interest	7	2	13	28
Share Profit from Associates	-	-	-	-
Adjusted PAT	**5,082**	**3,727**	**3,305**	**4,000**
YoY gr. (%)	*13.2*	*(26.7)*	*(11.3)*	*21.0*
Margin (%)	*22.9*	*19.6*	*18.5*	*21.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**5,082**	**3,727**	**3,305**	**4,000**
YoY gr. (%)	*13.2*	*(26.7)*	*(11.3)*	*21.0*
Margin (%)	*22.9*	*19.6*	*18.5*	*21.0*
Other Comprehensive Income	**(89)**	**(549)**	**477**	**433**
Total Comprehensive Income	**4,993**	**3,178**	**3,782**	**4,433**
Avg. Shares O/s (m)	**152**	**152**	**152**	**152**
EPS (Rs)	**33.5**	**24.6**	**21.7**	**26.3**

Source: Company Data, PL Research

Notes

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	PCBL Chemical	BUY	474	385

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Buy : >15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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