DEVEN CHOKSEY RESEARCH

PI Industries Ltd
Q2FY26

Result update

25th Nov, 2025

PI Industries Ltd

Topline declined sharply as exports softened, though improved mix supported margin resilience

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 3,425	INR 3,480	1.6%	520,600	HOLD	Agro-Chemicals

Result highlights

Revenue: Consolidated revenue for the quarter stood at INR 18,723 Mn., down 15.7% YoY (-1.5% QoQ), coming in sharply below our estimates, primarily due to continued weakness in the exports portfolio and a slower-than-anticipated recovery across key global agrochemical markets. Domestic business saw moderate traction but remained insufficient to offset the sharp decline in international offtake.

Margin and Profitability: EBITDA came in at INR 5,413 Mn., down 13.8% YoY (+4.3% QoQ), below our expectations, driven by unfavorable operating leverage owing to a meaningful decline in topline, partially cushioned by gross margin expansion. Adjusted net profit declined 19.5% YoY (+2.3% QoQ) to INR 4,093 Mn., significantly below our estimates, led by weaker revenue conversion, softer other income, and higher-than-anticipated tax charge.

Gross profit margin expanded by 549 bps YoY (-18 bps QoQ) to 57.3%, supported by a richer mix of new and higher-value molecules, favorable input procurement cycles, and efficiency gains across CSM and domestic businesses. EBITDA margin improved by 63 bps YoY (+160 bps QoQ) to 28.9%, aided by gross margin improvement and tight cost controls, though partially dragged by higher employee cost and R&D-related expenses tied to the pharma and biologicals pipeline.

Verticals/Segments: Export revenue declined 16.3% YoY (-5.6% QoQ), reflecting continued volatility in customer offtake, elongated inventory correction cycles at global innovators, and muted demand across key agrochemical chemistries. While destocking trends showed early signs of stabilisation, order inflows during the quarter remained below historical averages.

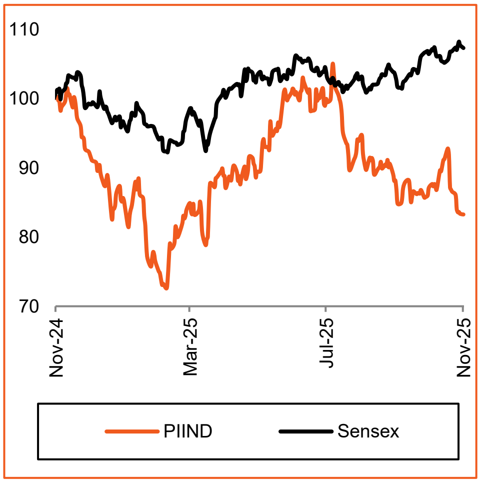
Domestic revenue increased 17.7% QoQ (-13.4% YoY), supported by steady traction in branded formulations, improved monsoon spread, and strong performance from recently introduced products. Growth, however, was partly offset by regulatory bottlenecks in the biologicals portfolio, which impacted the pace of commercialisation in select categories.

Outlook and Valuation: Near-term growth is expected to remain soft as global agrochemical demand recovers gradually and customer destocking extends into the next few quarters. While domestic momentum remains healthy and margins should hold up supported by a richer product mix, the exports business is likely to witness a slow and uneven pickup, delaying a meaningful rebound. Progress in pharma and biologicals continues, but scale benefits are still some distance away. Overall, PI remains structurally strong, but earnings recovery will likely be back-ended, keeping the stock range-bound in the interim.

We have rolled forward our valuation to Sept'27 estimates. We value PI Industries at 32.0x Sept'27 EPS, implying a target price of INR 3,480.

We downgrade our rating from "ACCUMULATE" to "HOLD" on the stock as near-term earnings visibility remains muted, with export demand stabilising slower than expected and key growth platforms such as pharma and biologicals yet to reach scale. While margins are likely to remain resilient, the pace of topline recovery appears back-ended, limiting meaningful upside from current levels.

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn)	152
Mkt Cap (INR Mn)	520,600
52 Week H/L (INR)	4,329/2,952

*Based on the previous closing
Note: All the market data is as of the previous closing

SHARE HOLDING PATTERN (%)

Particulars	Sep-25	Jun-25	Mar-25
Promoters	46.1	46.1	46.1
FIIs	16.4	17.0	18.1
DIIs	30.3	29.4	27.6
Others	7.2	7.6	8.3
Total	100	100	100

3.1%
Revenue CAGR between FY25-FY27E

-1.1%
Adj. PAT CAGR between FY25-FY27E

KEY FINANCIALS

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	76,658	79,778	77,794	84,837	89,274
EBITDA	20,147	21,790	20,702	21,391	22,297
Adj. PAT	16,815	16,602	15,696	16,230	16,741
Adj. EPS (INR)	110.8	109.4	103.5	107.0	110.3
EBITDA Margin	26.3%	27.3%	26.6%	25.2%	25.0%
Adj. NPM	21.9%	20.8%	20.2%	19.1%	18.8%

Source: Company, DevenChoksey Research

RESEARCH ANALYST
Yogesh Tiwari, fundamental-research1@devenchoksey.com

Phone: +91-22-6696 5555
www.devenchoksey.com

PI Industries Ltd

Key Concall Highlights:

Exports

- AgChem exports declined in line with customer delivery deferrals and destocking; this transitional softness was already built into the FY26 plan.
- Products commercialised in the last 3 years grew ~38% YoY in H1, with 5 new molecules commercialised in H1 and a total 8–10 planned for FY26, including some non-AgChem (electronic & specialty chemicals).
- CSM order book stands at about USD 1.25 bn, giving medium-term visibility; near-term growth is constrained by inventory normalisation at innovator customers.
- Management expects export recovery from Q4FY26, with normalisation of the global agchem cycle by H2CY26 as destocking completes and restocking begins.

Pharma segment

- Pharma platform revenue has roughly doubled vs H1 last year (H1 revenue up ~2x YoY), helped by deeper relationships with biotech and big pharma innovators; however, it is still in the investment phase, with higher overheads and some one-off costs impacting profitability.
- The company is investing in an integrated CRDMO platform – strengthening capabilities, people, and processes to drive accelerated growth over the next few years.
- 2 large pharma clients onboarded in H1; management is on track to reach 4 large clients by FY26 (expecting 1 each in Q3 and Q4).6 late-stage programs (Phase II/III-type) are in the pipeline, plus additional late-stage opportunities being pursued.
- Management reiterated that this investment phase may continue for about a year, post which scale should support positive EBITDA and profitable growth.

Domestic segment

- H1 domestic business declined ~5% YoY; Q2 weakness offset the Q1 growth due to erratic and excessive rains (crop damage in Punjab & Maharashtra) and abrupt regulatory actions in biologicals.
- A temporary ban/restriction on biological sales in India significantly impacted domestic agri revenues; regulatory issues are now largely resolved, and sales are expected to resume as state-level approvals come through, with some recovery from Q4FY26.
- 3 new domestic brands launched in H1; 3 more planned for later in the year.20+ new products are under development/registration for future launches.
- Rabi season key for H2: Management is positive but cautious – good reservoir levels and paddy crop support Rabi prospects, but fast-changing weather remains a risk.

Guidance and outlook

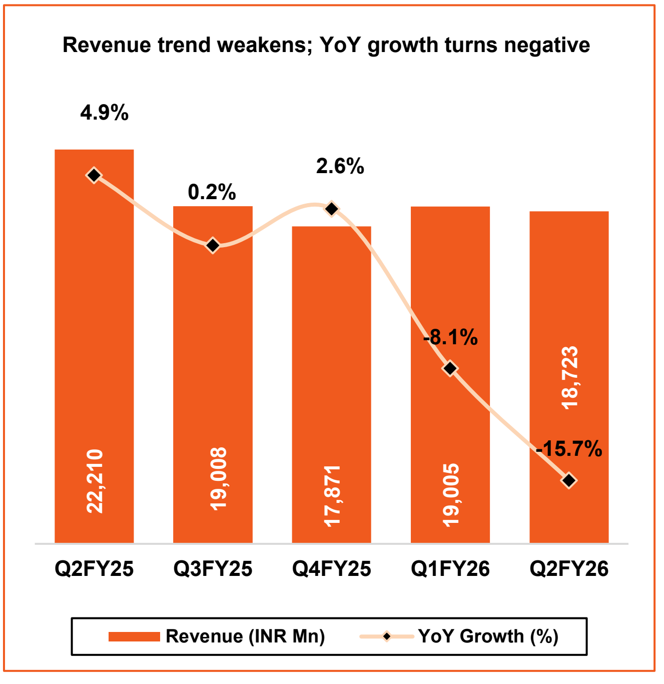
- Management anticipates a recovery in their domestic and agchem exports, particularly in Q4, to offset the decline in H1. They see the positivity coming through Q4 on the export side. They also expect "good potential for the H2 from the Rabi season" on the domestic side.
- Recover is expected in exports from Q4FY26. When asked about Q4 onwards, management confirmed they expect growth to revise. The regulatory issues impacting the biological segment domestically are expected to wind down in the coming quarter, with sales resuming from the fourth quarter.
- Management expects global agrochemical demand to recover in H2CY26, once destocking completes and restocking begins. Biologicals are seen as a structural growth driver, with potential for 3–4x scale-up over the next few years; margin focus will come only after scale is achieved.
- The focus is on growing late-stage programs, which in the next 2 to 4 years, potentially start giving us sustainable revenue. The company is on track to onboard four large pharma clients. Management expects to reach a scale in about 1 year or so that will allow them to sustain profitable growth and achieve positive EBITDA.
- EBITDA margins to be maintained within guided range, helped by product mix and cost discipline despite top-line pressure.
- The company expects the ETR to be in the range of 22%-23% for the next 2-3 years
- Pharma CRDMO is expected to scale meaningfully over the next 2–4 years, driven by late-stage programs and large-pharma onboarding.

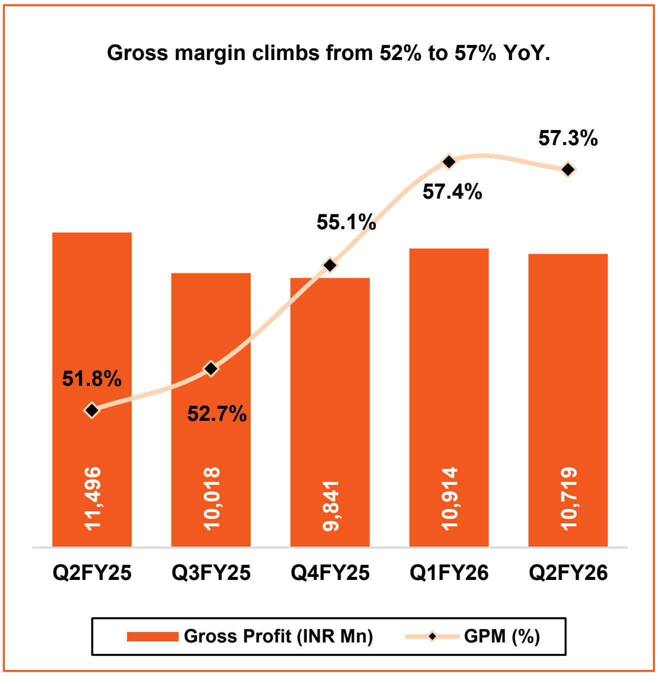
RESEARCH ANALYST
Yogesh Tiwari, fundamental-research1@devenchoksey.com

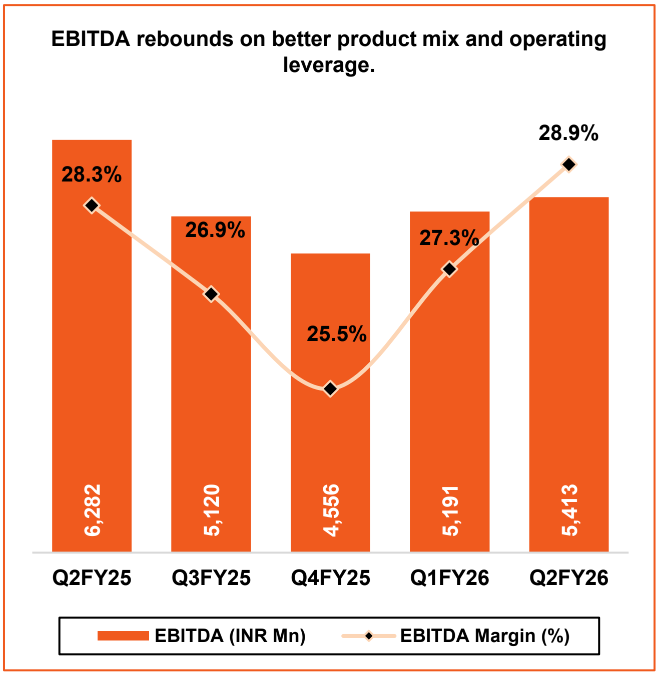
Phone: +91-22-6696 5555
www.devenchoksey.com

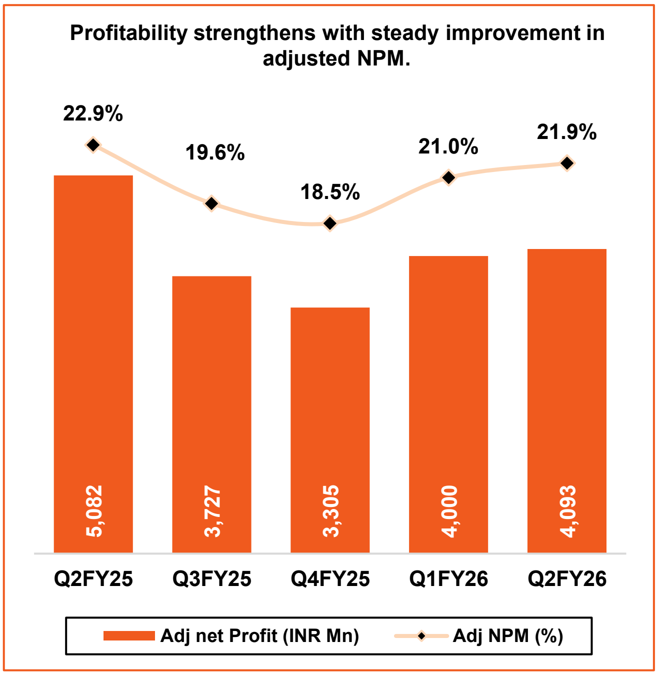
PI Industries Ltd

Story in charts









Source: Company, DevenChoksey Research

PI Industries Ltd

Result Snapshot

Particulars (Mn)	Q2FY26	Q1FY26	Q2FY25	QoQ	YoY
Sales	**18,723**	**19,005**	**22,210**	**-1.5%**	**-15.7%**
Total Expenditure	**13,310**	**13,814**	**15,928**	**-3.6%**	**-16.4%**
Cost of materials consumed	8,920	7,574	9,158	17.8%	-2.6%
Purchase of stock-in-trade	819	338	811	142.3%	1.0%
Changes in inventories	-1,735	179	745	NM	NM
COGS	**8,004**	**8,091**	**10,714**	**-1.1%**	**-25.3%**
Net Impairment losses on financial assets	73	85	252	-14.1%	NA
Employee benefits expense	2,205	2,323	1,956	-5.1%	12.7%
Other Expenses	3,028	3,315	3,006	-8.7%	0.7%
EBITDA	**5,413**	**5,191**	**6,282**	**4.3%**	**-13.8%**
EBITDA Margin (%)	**28.9%**	**27.3%**	**28.3%**	**160 bps**	**63 bps**
Depreciation and Amortization expense	980	965	798	1.6%	22.8%
EBIT	**4,433**	**4,226**	**5,484**	**4.9%**	**-19.2%**
EBIT Margin (%)	**23.7%**	**22.2%**	**24.7%**	**144 bps**	**-101 bps**
Finance Costs	26	39	85	-33.3%	-69.4%
Other Income	825	859	1,222	-4.0%	-32.5%
Exceptional items	0	0	0	NA	NA
Profit before tax	**5,232**	**5,046**	**6,621**	**3.7%**	**-21.0%**
Tax expense	1,160	1,074	1,546	8.0%	-25.0%
Share of loss from joint venture	21	28	7	-25.0%	200.0%
PAT	**4,093**	**4,000**	**5,082**	**2.3%**	**-19.5%**
PAT Margin (%)	**21.9%**	**21.0%**	**22.9%**	**81 bps**	**-102 bps**
EPS (INR)	**27.0**	**26.4**	**33.5**	**2.3%**	**-19.5%**

Source: Company, DevenChoksey Research

PI Industries Ltd

Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26E	FY27E	FY28E
Revenues	**79,778**	**77,794**	**84,837**	**89,274**
COGS	37,711	33,623	37,116	39,280
Gross profit	**42,067**	**44,171**	**47,721**	**49,993**
Employee cost	7,837	10,538	12,726	13,391
Other expenses	12,013	12,673	13,404	14,105
EBITDA	**21,790**	**20,702**	**21,391**	**22,297**
Depreciation	3,525	3,775	3,979	4,554
EBIT	**18,265**	**16,927**	**17,413**	**17,743**
Finance Costs	330	205	233	291
Other Income	3,442	3,267	3,542	3,929
PBT	**21,377**	**19,989**	**20,722**	**21,381**
Tax	4,818	4,387	4,587	4,740
Share of associates	43	94	95	100
PAT	**16,559**	**15,602**	**16,135**	**16,641**
EPS (INR)	109.4	103.5	107.0	110.3

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26E	FY27E	FY28E
CFFO	14,130	10,275	18,467	20,347
Capex	-11,933	-7,001	-7,635	-8,035
Dividend Paid	-2,276	0	0	0
Change in Capital	**-192**	**0**	**200**	**200**
Closing Cash	5,888	8,991	19,790	32,010
FCF	**2,197**	**3,273**	**10,831**	**12,312**

Exhibit 4: Key Ratio

INR Mn	FY25	FY26E	FY27E	FY28E
Gross Margin (%)	52.7%	56.8%	56.3%	56.0%
EBITDA Margin%	27.3%	26.6%	25.2%	25.0%
ROE%	13.5%	11.7%	10.7%	9.9%
ROCE%	17.7%	14.2%	12.8%	11.6%
P/E	31.3	37.5	36.2	35.1
EV/EBITDA	26.8	28.2	27.3	26.2

Exhibit 2: Balance Sheet

INR Mn	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	152	152	152	152
Other Equity	101,418	1,17,114	1,33,343	1,50,084
Total Equity	**101,570**	**1,17,266**	**1,33,495**	**1,50,236**
Non-Current Liabilities				
(i) Borrowings	780	1,237	1,337	1,437
(iii) Other financial liabilities	1,866	1,866	1,866	1,866
Other Non-Current Liabilities	1,274	817	817	817
Total Non-Current Liabilities	**3,920**	**3,920**	**4,020**	**4,120**
Current Liabilities				
(iv) Other financial liabilities	1,866	1,866	1,866	1,866
Trade Paybles	12,102	8,291	9,152	9,686
Other current liabilities	3,309	3,309	3,409	3,509
Total Current Liabilities	**17,277**	**13,466**	**14,427**	**15,061**
Total Liabilities	**21,197**	**17,386**	**18,447**	**19,181**
Non-Current Assets				
Property Plants and Equipments	33,183	36,410	40,066	43,547
Goodwill	5,539	5,539	5,539	5,539
Other Non-current assets	14,523	14,523	14,523	14,523
Total Non-Current Assets	**53,245**	**56,472**	**60,128**	**63,609**
Current Assets				
Inventories	9,839	12,436	13,728	14,528
Trade Receivables	14,058	17,051	18,594	19,567
Cash and Bank	24,996	28,064	38,863	51,083
Oher current assets	20,629	20,629	20,629	20,629
Total Current Assets	**69,522**	**78,180**	**91,814**	**1,05,807**
Total Assets	**122,767**	**1,34,651**	**1,51,942**	**1,69,417**

Source: Company, DevenChoksey Research

RESEARCH ANALYST
Yogesh Tiwari, fundamental-research1@devenchoksey.com

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www.devenchoksey.com

PI Industries Ltd

PI Industries Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
25-Nov-25	3,425	3,480	HOLD
22-Aug-25	3,876	4,330	ACCUMULATE
22-May-25	3,644	4,065	ACCUMULATE
10-Feb-25	3,523	3,865	ACCUMULATE
15-Nov-24	4,265	4,922	BUY

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

Registered Office and Corporate Office:

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058

YOGESH DASHARATH TIWARI

Digitally signed by YOGESH DASHARATH TIWARI
Date: 2025.11.25 15:35:11 +05'30'