

Navigating the Downturn While Building the Next Growth Curve

Est. Vs. Actual for Q4FY26: Revenue - Largely INLINE; EBITDA - Largely INLINE; PAT - MISS

Change in Estimates post Q4FY26

FY27E/FY28E (in %): Revenue: -1%/-2%; EBITDA: -3%/-2%; PAT: -4%/-4%

Recommendation Rationale

- Margin Resilience Despite Weak Agchem Cycle:** Export revenue declined ~13% YoY to Rs 1,259 Cr due to continued weakness in the global agrochemical industry and delayed customer deliveries, while domestic revenue fell ~9% YoY to Rs 307 Cr amid inventory overhang, pricing pressure, and lower crop acreages. However, domestic volumes grew ~3%, indicating underlying demand resilience. The pharma business remained a bright spot, with ~23% YoY growth in Q4FY26, contributing ~8% to export revenues. Gross margins improved to 58% versus 55% in Q4FY25, supported by a favourable product mix and operational efficiencies. Management indicated that inventory correction is gradually normalising, with committed customer offtake providing better visibility for H2FY27 recovery.
- Pharma Emerging as a Growth Driver:** The Pharma segment showcased impressive momentum, delivering 40% YoY revenue growth for FY26 and recording its highest quarterly sales in Q4, contributing ~8% to total export revenues. Management anticipates scaling the pharma revenues to INR 500 to 600 crore over the next 2 to 3 years as they build out differentiated offerings. PI continues to build an integrated CRDMO platform through investments in capabilities, infrastructure, and talent, supporting medium-term growth visibility.

Sector Outlook: Cautious

Company Outlook: Management remains optimistic on FY27 recovery despite near-term macro uncertainties. The company expects improving customer offtake trends, normalisation in biologicals, launch of 5+ new molecules and commercialisation of proprietary innovations to support growth revival. Strong order pipeline, diversified business mix, increasing contribution from high-value products and expanding non-agchem opportunities are expected to strengthen earnings trajectory over the medium term.

Current Valuation: 28x FY28E (Earlier: 28x Sep'27E)

Current TP: Rs. 3,320/share (Earlier TP: Rs 3,230/share)

Recommendation: We upgrade our rating to BUY from HOLD on the stock.

Financial Performance: The company's performance is largely in line with our expectations on the Revenue and EBITDA front. Consolidated revenue stood at Rs 1,565 Cr, down 12% YoY and up 14% QoQ, largely in line with our estimate. Gross margin expanded to 57.8% (vs. 55.1% in Q4FY25), and EBITDA came in at Rs 202 Cr, down 39% YoY and 2% QoQ, largely inline with our estimates, with margins declining to 21.5%. PAT was Rs 202 Cr, down 39% YoY and 2% QoQ, missing expectations. The board recommended a final dividend of Rs. 10/- share for the FY26.

Valuation & Recommendation: We marginally reduce our FY27–FY28E estimates, factoring in persistent near-term Agchem headwinds. However, PI's strong balance sheet, expanding pharma franchise and diversified product portfolio continue to support long-term growth prospects. We value the stock at 28x FY28E earnings and upgrade our rating to BUY from HOLD, with a revised target price of Rs 3,320/share, implying ~14% upside from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	YoY (%)	QoQ (%)	Axis Est.	Var (%)
Net Sales	1,565	-12%	14%	1,519	3%
EBITDA	337	-26%	11%	327	3%
EBITDA Margin	21.5%	-397bps	-45bps	21.5%	2bps
Net Profit	202	-39%	-2%	230	-12%
EPS (Rs)	13.17	-39%	-36%	15.12	-13%

Source: Company, Axis Securities Research

(CMP as of 20th May, 2026)

CMP (Rs)	2,901
Upside /Downside (%)	14%
High/Low (Rs)	4,330/2,700
Market cap (Cr)	43,899
Avg. daily vol. (1m) Shrs.	2,69,915
No. of shares (Cr)	15.2

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	46.1	46.1	46.1
FIIIs	16.4	16.0	15.9
DIIIs	30.3	30.9	31.2
Retail	7.3	7.0	6.8

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	6,714	7,654	8,649
EBITDA	1,700	2,059	2,422
Net Profit	1,212	1,520	1,831
EPS (Rs)	79.9	100.2	120.7
PER (x)	36.3	29.0	24.0
P/BV (x)	3.9	3.5	3.1
EV/EBITDA (x)	23.9	19.4	16.3
ROE (%)	11.3%	12.8%	13.9%

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-1%	-2%
EBITDA	-3%	-2%
PAT	-4%	-4%

Relative Performance



Source: Ace Equity, Axis Securities Research

Results Gallery

- [Q3FY26](#)
- [Q2FY26](#)
- [Q1FY26](#)
- [Q4FY25](#)

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Key Highlights

- **Financial Performance:** PI Industries reported consolidated revenue of Rs. 1,565 Cr in Q4FY26, a 12% decline YoY, as the global agrochemical industry downcycle and inventory correction among key innovator customers continued to weigh on near-term offtake. Gross margins expanded 277 bps in Q4FY26 to 58%, and the full-year gross margin of 58% was 507 bps above FY25, driven by a favourable product mix (new molecules at better realisation) and disciplined cost management. EBITDA for Q4FY26 stood at INR 337 Cr (margin: 22%). Reported PAT for Q4FY26 was Rs. 202 Cr (down 39% YoY), impacted by higher effective tax rates due to increased business from non-SEZ locations.
- **Agchem Exports:** Agchem exports declined ~15% in Q4 and ~19% for the full year, with volume down ~14%, reflecting both price corrections and cautious customer delivery scheduling. Five molecules were commercialised during FY26, including differentiated technologies in flow and vapour phase chemistry.
- **Domestic Business:** Domestic revenue declined 6% YoY, with volumes down 2%, due to elevated channel inventories, adverse weather conditions and lower crop prices. During 9MFY26, the company successfully commercialised four products (launched three herbicides and one insecticide), and 2 more products will be launched in Q4FY26.
- **Capex:** The company incurred capex of Rs 723 Cr in 9MFY26 (vs. Rs 442 Cr in H1FY26), reflecting sustained investments in manufacturing infrastructure, process efficiency, and R&D facilities to support its expanding portfolio and upcoming launches. The planned Capex for FY27 is projected to be in the range of Rs 700-800 Cr, aimed at expanding capacities and supporting new business verticals.
- **Financial Resilience & Growth Outlook:** Management has guided for positive revenue growth in FY27, driven by the scheduled launch of 5+ new molecules and the continuous scale-up of non-agchem segments like pharma and biologicals. Despite a challenging macro environment, the company aims to maintain its robust average gross margins going forward.
- **Pharma CRDMO Scale-Up:** The Pharma segment showcased impressive momentum, delivering 40% YoY revenue growth for FY26 and recording its highest quarterly sales in Q4. Management anticipates scaling the pharma revenues to INR 500 to 600 crore over the next 2 to 3 years as they build out differentiated offerings.
- **Strong Contribution from New Products:** Demonstrating its innovation-led approach, new brands now account for approximately 18% of Agchem exports, significantly de-risking the broader portfolio. During FY26, PI commercialized 5 new molecules in Agchem exports and launched 4 new products in the domestic agri-brands segment.
- **Tax Rate:** Tax Rate Normalization While the effective tax rate (ETR) for FY26 stood at approximately 22%, management expects the ETR to normalize and remain in the range of 23% to 24% for FY27 and thereafter.
- **Dividend:** The Board has approved a final dividend for FY26 of Rs 10 per share.

Key Risks to Our Estimates and TP

- A global recessionary environment, especially a prolonged slowdown in demand, could affect demand for upstream players.
- Change in weather conditions may lead to upward/downward changes in the demand for PI products.
- A delay in Capex and the commercialisation of new molecules could affect growth.

Change in Estimates

	Revised		Old		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	7,705	8,861	8,512	9,789	-9%	-9%
EBITDA	2,119	2,481	2,468	2,839	-14%	-13%
PAT	1,588	1,909	1,895	2,226	-16%	-14%

Source: Company, Axis Securities Research

Q4FY26 Results Review

Particular (Rs Cr)	Q4FY25	Q3FY26	Q4FY26 Axis Est.	Q4FY26	YoY (%)	QoQ (%)	Axis Sec Var
Net Sales	1,787	1,376	1,519	1,565	-12%	14%	3%
Gross Profit	984	812	843	905	-8%	12%	
Gross Margins %	55.1%	59.0%	55.5%	57.8%	277bps	-117bps	234bps
Staff Cost	197	228	205	227	15%	-1%	
Other Operating Expenses	332	281	311	342	3%	21%	
EBITDA	456	302	327	337	-26%	11%	3%
EBITDA margins (%)	25.5%	22.0%	21.5%	21.5%	-397bps	-45bps	2bps
Depreciation	90	105	98	107	18%	1%	
Interest	8	6	4	4	-53%	-40%	
Other Income	73	67	70	76	3%	13%	
PBT before Exp. Items	432	258	295	303	-30%	17%	
Exceptional items	-	105	-	(2)			
PBT	432	363	295	301	-30%	-17%	
Tax (incl deferred)	102	52	65	100	-1%	94%	
PAT	331	206	230	202	-39%	-2%	-12%
EPS	21.7	20.5	15.1	13.2	-39%	-36%	-13%

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Net Sales	7,666	7,978	6,714	7,654	8,649
Growth (%)	18.1	4.1	(15.8)	14.0	13.0
Operating Expenses	-5,651	-5,799	-5,014	-5,595	-6,227
Operating Profit	2,015	2,179	1,700	2,059	2,422
Other Operating Income					
EBITDA	2,015	2,179	1,700	2,059	2,422
Growth (%)	30.6	8.2	(22.0)	21.1	17.6
Depreciation	-308	-353	-407	-417	-417
Other Income	208	344	311	352	398
EBIT	1,914	2,171	1,604	1,994	2,403
Finance Cost	-30	-33	-16	-17	-20
Exceptional & Extraordinary					
Profit Before Tax	1,884	2,138	1,587	1,977	2,383
Tax (Current + Deferred)	-213	-482	-375	-458	-552
Profit / (Loss) For the Period	1,671	1,656	1,212	1,520	1,831
P / L of Associates, Min Int, Pref. Div.	11				
Reported Profit / (Loss)	1,682	1,656	1,212	1,520	1,831
Adjusted Net Profit	1,682	1,656	1,212	1,520	1,831

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Share Capital	15	15	15	15	15
Reserves & Surplus	8,716	10,142	11,215	12,444	13,957
Shareholder's Funds	8,731	10,157	11,231	12,459	13,973
Minority Interest and Others					
Non-Current Liabilities	322	392	437	388	368
Long-Term Borrowings	36	27	33	33	33
Other Non-Current Liabilities	286	365	403	354	334
Current Liabilities	1,711	1,728	1,777	1,948	2,097
ST Borrowings, Current Maturity	66	34	89	89	89
Other Current Liabilities	1,644	1,694	1,687	1,858	2,007
Total (Equity and Liabilities)	10,764	12,277	13,444	14,795	16,437
Non-Current Assets	3,536	5,325	5,949	6,333	6,716
Fixed Assets (Net Block)	3,445	4,205	5,047	5,430	5,814
Non-Current Investments	90	272	33	33	33
Long-Term Loans and Advances					
Other Non-Current Assets	550	848	869	869	869
Current Assets	6,679	6,952	7,495	8,462	9,721
Cash & Current Investments	3,950	3,759	3,509	4,142	4,701
Other Current Assets	2,729	3,193	3,985	4,321	5,020
Total (Assets)	10,764	12,277	13,444	14,795	16,437
Total Debt	103	60	123	123	123
Capital Employed	9,120	10,583	11,756	12,936	14,429

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Profit Before Tax	1,884	2,138	1,587	1,977	2,383
Depreciation	308	353	407	417	417
Change in Working Capital	305	-386	-816	-164	-551
Total Tax Paid	-286	-409	-421	-458	-552
Others	-178	-311	-294	-335	-376
Operating Cash Flow (a)	2,034	1,384	463	1,437	1,321
Capital Expenditure	-1,098	-1,112	-1,248	-800	-800
Change in Investments	-321	-195	171		
Others	139	201	368	352	399
Investing Cash Flow (b)	-1,281	-1,107	-710	-448	-401
Free Cash Flow (A+B)	754	277	-247	989	920
Equity Raised / (Repaid)					
Debt Raised / (Repaid)	92	-42	62		
Dividend (incl. Tax)	228	250	275	303	333
Others	-613	-690	-408	-660	-690
Financing Cash Flow (c)	-293	-482	-71	-357	-357
Net Chg in Cash (a+b+c)	461	-204	-317	632	563

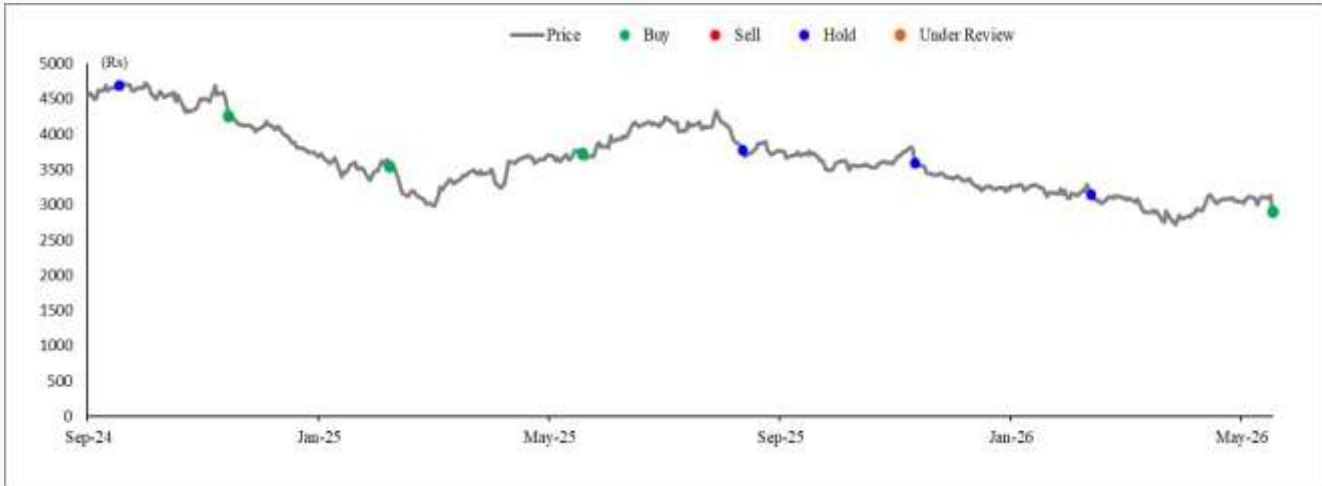
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Adjusted EPS (Rs)	110.8	109.1	79.9	100.2	120.7
<i>Growth</i>	37.5	(1.5)	(26.8)	25.4	20.5
CEPS (Rs)	131.1	132.4	106.7	127.6	148.2
Book Value / Share (Rs)	575.5	669.5	740.2	821.2	921.0
Dividend / Share (Rs)	(15.0)	(16.5)	(18.2)	(20.0)	(22.0)
Dividend Payout Ratio	(13.5)	(15.1)	(22.7)	(19.9)	(18.2)
EBITDA Margin	26.3	27.3	25.3	26.9	28.0
EBIT Margin	25.0	27.2	23.9	26.1	27.8
Tax Rate	11.3	22.5	23.6	23.1	23.1
RoCE	23.3	22.0	14.4	16.2	17.6
Total Debt / Equity (x)	0.0	0.0	0.0	0.0	0.0
Net Debt / Equity (x)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)
Du Pont Analysis - ROE					
Net Profit Margin	21.9	20.8	18.1	19.9	21.2
Asset Turnover (x)	0.8	0.7	0.5	0.5	0.6
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
Return on Equity	21.1	17.5	11.3	12.8	13.9

Source: Company, Axis Securities Research

PI Industries Price Chart and Recommendation History



Date	Reco	TP	Research
18-Sep-24	HOLD	4,980	AAA
18-Nov-24	BUY	4,850	Result Update
10-Feb-25	BUY	4,265	Result Update
21-May-25	BUY	4,150	Result Update
14-Aug-25	HOLD	3,930	Result Update
13-Nov-25	HOLD	3,800	Result Update
16-Feb-26	HOLD	3,230	Result Update
21-May-26	BUY	3,320	Result Update

Source: Axis Securities Research

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