

Overall growth slowing down

- PI's Q4 Rev/EBITDA at Rs17.9bn/Rs4.6bn (+3%/+3% YoY) was impacted by weak agchem exports, but was more than offset by growth in domestic business, driven by strong Rabi season. PAT declined 11% YoY to Rs3.3bn due to ETR of 23.6% (10.2% in 4QFY24).
- Mgmt. guided a mid-single digit revenue growth for FY26 (4% YoY growth in FY25) owing to pressure in CSM exports due to inventory destocking, coupled with uncertain US tariffs and persistent pricing pressure in generics in domestic business. The Pharma business is expected to grow >75% in FY26, with EBITDA break-even a few years away. Biologicals business to grow at 5x over the next 5 years.
- We trim our FY26/FY27E EPS by 7%/8% owing to pricing pressure stemming from input cost softening, slowing volume growth and gradual ramp-up in pharma business. We resume coverage with a 'Reduce' rating with a TP of Rs3,800 (30x FY27E EPS).

Performance impacted by decline in exports

PI reported revenue of Rs17.9bn (+3 YoY/-6% QoQ) as exports stood at Rs 14.5bn (-1% YoY/ -11% QoQ). Agchem exports declined ~5% YoY due to pricing pressure (~7% vol. growth), Pharma revenue at Rs850mn (+19% YoY/+33% QoQ) reflecting gradual normalization of product offtake. Domestic sales were Rs3.4bn (+25%/+21% YoY/QoQ) with 24% YoY vol. growth. Biological sales up 10% YoY, led by launch of new products. Gross margins expanded by 121bps YoY to 55.1% while EBITDA margin expanded by a mere 12bps to 25.5% owing to high operating costs. APAT came at Rs3.3bn (-11% YoY) due to higher ETR of 23.6% (vs.10.2% in Q4FY24).

Provides cautious growth guidance

CSM exports growth slowed down to 6% in FY25 owing to pricing pressure and inventory de-stocking, which is expected to continue even in FY26. However, PI is gaining traction on the non-agchem side of the portfolio, with non-agchem inquiries increasing from ~20% in FY22 to ~40% in FY25. It has a strong pipeline of products providing long-term visibility with 15+ new molecules commercialized over the last three years, and 90+ molecules are currently in the active pipeline. PI has received ISO certification for its in-house developed insecticide Pioxaniliprole and is under phase-3 trials. Further Mgmt. indicated pharma segment to grow 3x over the next 3-4 years and Biologicals to grow 5x over the next 5 years.

Key Data

Nifty	24,684
Equity / FV	Rs 152mn / Rs 10
Market Cap	Rs 566bn
	USD 6.6bn
52-Week High/Low	Rs 4,804/ 2,951
Avg. Volume (no)	3,13,284
Bloom Code	PI IN

	Current	Previous
Rating	Reduce	Accumulate
Target Price	3,800	4,100

Change in Estimates

(Rs.bn)	Current		Chg (%) /bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	86	97	(6.6)	(7.7)
EBITDA	23	26	(6.6)	(7.4)
EBITDA (%)	26.8	27.1	2	6
APAT	17	19	(6.8)	(7.7)
EPS (Rs)	112.3	126.5	(6.8)	(7.7)

Valuation (x)

	FY25A	FY26E	FY27E
P/E	34.1	33.2	29.5
EV/EBITDA	24.3	22.6	19.3
ROE (%)	17.6	15.6	15.3
RoACE (%)	17.2	15.3	15.1

Q4FY25 Result (Rs Mn)

Particulars	Q4FY25	YoY (%)	QoQ (%)
Revenue	17,871	2.6	(6.0)
Total Expense	13,315	2.5	(4.1)
EBITDA	4,556	3.1	(11.0)
Depreciation	902	12.9	(9.0)
EBIT	3,654	1.0	(11.5)
Other Income	734	26.8	(3.3)
Interest	79	(27.5)	(4.8)
EBT	4,309	5.4	(10.3)
Tax	1,017	143.3	(5.8)
RPAT	3,305	(10.6)	(11.3)
APAT	3,305	(10.6)	(11.3)
		(bps)	(bps)
Gross Margin	55.1	121	236
EBITDA (%)	25.5	12	(144)
NPM (%)	18.5	(273)	(111)
Tax Rate (%)	23.6	1338	113
EBIT (%)	20.4	(34)	(128)

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Exhibit 1: Actual vs Estimates

Particulars (Rs mn)	Actual	Estimates	% Variation	Comments
		Consensus	Consensus	
Revenue	17,871	18,595	(3.9)	Performance was impacted by weakness in exports.
EBITDA	4,556	4,703	(3.1)	
EBITDA Margin (%)	25.5	25.3	20 bps	
PAT	3,305	3,534	(6.5)	
EPS (Rs)	21.7	23.3	(6.5)	

Source: Company, Dolat Capital

Exhibit 2: Change in estimates

Particulars (Rs mn)	FY26E			FY27E		
	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	91,790	85,721	(6.6)	1,04,720	96,704	(7.7)
Change (%)	12.2	7.4		14.1	12.8	
EBITDA	24,549	22,939	(6.6)	28,299	26,192	(7.4)
Change (%)	9.1	5.3		15.3	14.2	
EBIT	19,898	18,469	(7.2)	22,948	21,062	(8.2)
Change (%)	6.3	1.1		15.3	14.0	
Adj. PAT	18,268	17,030	(6.8)	20,797	19,196	(7.7)
Change (%)	7	2.6		14	12.7	
EPS (Rs)	120.4	112.3	(6.8)	137.1	126.5	(7.7)

Source: Company, Dolat Capital

Earning call KTAs

Industry

- The global crop protection industry is facing challenges on account of extreme climatic conditions, commodity pricing and tighter regulations. However, the mid-to-long-term trends in the industry remain intact.
- Domestically, price realizations remained under pressure due to global oversupplies along with increased generic competition and declining raw material costs.

CSM Exports

- CSM order book stands at ~USD1.3bn+.
- New products reported a growth of 23% YoY in Q4FY25 (31% YoY growth in FY25) and contributed ~15-18% to total exports in FY25. Six new products were launched in FY25. The new products will continue their momentum of addition to the top-line growth with sustainable margins.
- The export business is expected to pick up in H2FY26 with the launch of new products.
- There is some price softening on account of input costs coming down in the last 1-1.5 years post-COVID-19 for old products. For new products, the prices have been stable on stable input prices.
- In CSM, PI is targeting growth opportunities and expanding the addressable market of USD15-20bn in ag-chem.

Domestic business

- Seven new brands were commercialized in FY25. Domestic branded business grew 21% YoY in Q4FY25, supported by a strong Rabi season on account of increase in acreages in wheat, rice and pulses.

Pharma

- The FY25 performance was impacted by higher overheads like development spends, doubtful debt provisions for a particular customer and certain one-off costs. Going forward, gross margins are expected to be 60-65%.
- Pharma EBITDA loss stood at ~Rs1.8-1.9bn in FY25, and EBITDA break-even is still a few years away.
- PI has added projects in early development in high single digit as well as late development in high single digit.
- Two new pharma customers were onboarded in FY25, and it looks to add two-three customers in FY26.

Biologicals

- Biologicals revenue stood at Rs2.8bn and is expected to grow 5x in 5 years.
- Biologicals were ~18-20% of the domestic agri-branded business, and has better margins.

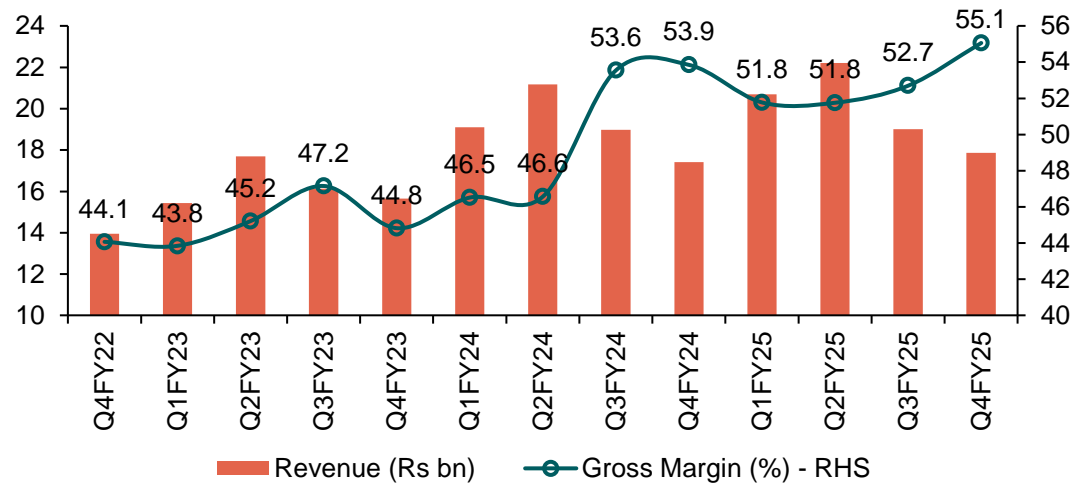
Guidance

- FY26 revenue growth is expected to be mid-single-digit, and PI expects broader sentiments to improve in H2FY26.
- Gross margin is expected to be ~52% depending on the product mix for FY26 with EBITDA Margin expected to be ~25%.
- Capex for FY26 is expected to be Rs8-9bn on two multi-purpose plants, with one expected to be commissioned this year and the other one in the next year. Rs1bn is expected towards pharma, and the balance towards ag-chem manufacturing.
- The effective tax rate is expected to be 22-23% for the next two-three years.
- 2.2-2.5x is considered as sustainable capex turns.
- The net working cycle is expected to be ~65-70 days.

Others

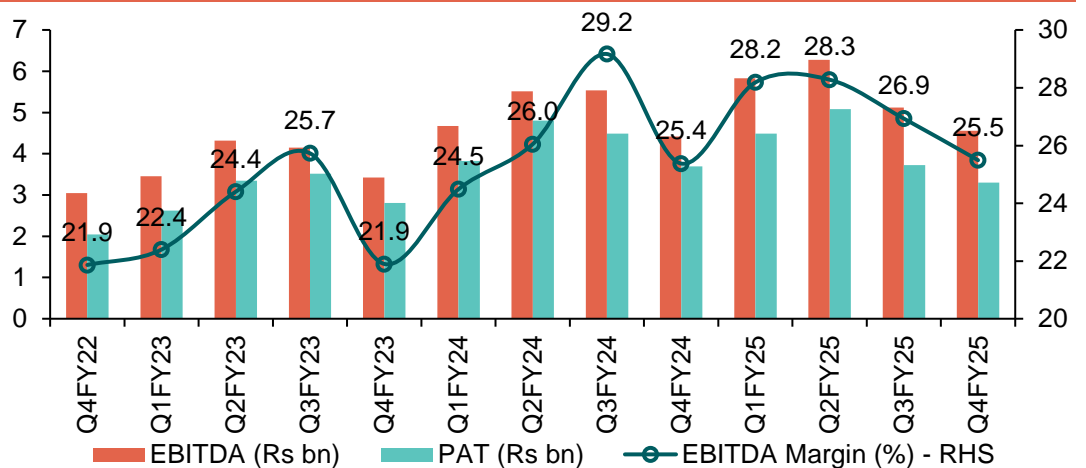
- Pioxaniliprole has moved to phase 3 and expects to commercialize the product in the first country in a couple of years. It is in the process of regulatory data development and application preparation.
- Contract assets have increased YoY from Rs1.6bn in FY24 to Rs4.3bn in FY25 as certain goods have not been delivered before the cut-off date. It will be billed and shipped out in the subsequent months. It belongs to both pharma and ag-chem businesses.

Exhibit 3: Rev. growth impacted on weak exports (ag-chem exports down 5%)



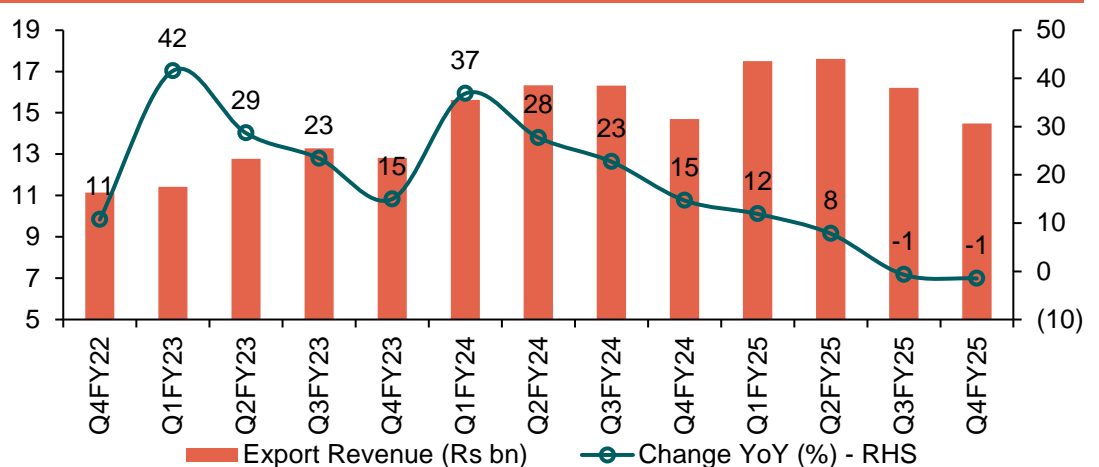
Source: Company, Dolat Capital

Exhibit 4: EBITDA margin +12bps YoY/ -144bps QoQ



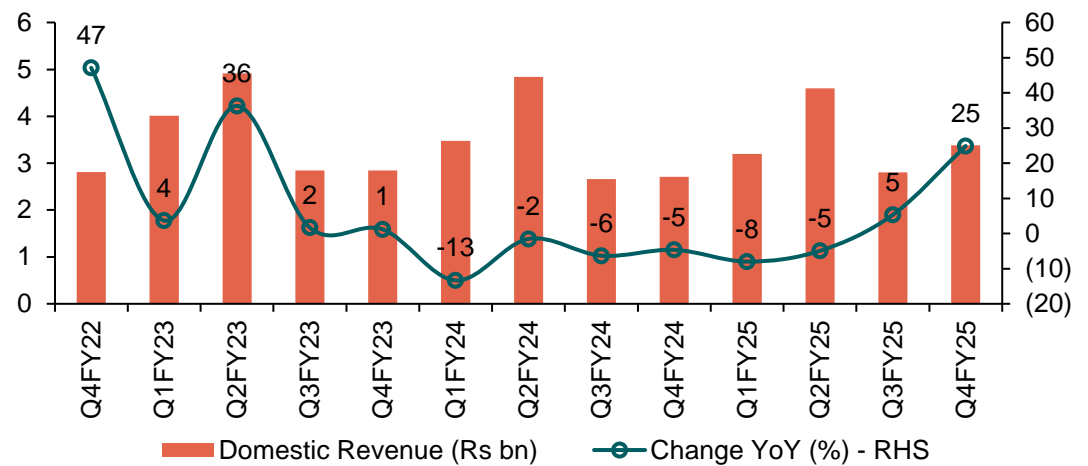
Source: Company, Dolat Capital

Exhibit 5: Exports declined 1% YoY



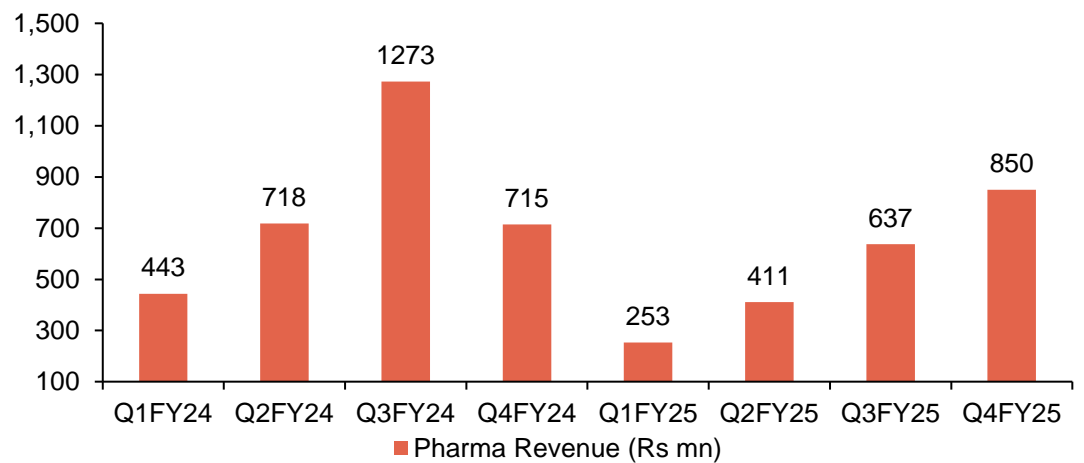
Source: Company, Dolat Capital

Exhibit 6: Domestic revenue grew 25% YoY



Source: Company, Dolat Capital

Exhibit 7: Pharma revenue improved 19% YoY/ 33% QoQ



Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Revenue	76,658	79,778	85,721	96,704
Total Expense	56,511	57,988	62,782	70,513
COGS	38,376	37,711	41,146	46,418
Employees Cost	7,013	7,837	8,777	9,831
Other expenses	11,122	12,440	12,858	14,264
EBIDTA	20,147	21,790	22,939	26,192
Depreciation	3,082	3,525	4,470	5,129
EBIT	17,065	18,265	18,469	21,062
Interest	300	330	308	308
Other Income	2,077	3,442	3,614	3,795
Exc. / E.O. items	0	0	0	0
EBT	18,842	21,377	21,776	24,549
Tax	2,132	4,818	4,791	5,401
Minority Interest	0	0	0	0
Profit/Loss share of associates	105	43	45	47
RPAT	16,815	16,602	17,030	19,196
Adjustments	0	0	0	0
APAT	16,815	16,602	17,030	19,196

Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Sources of Funds				
Equity Capital	152	152	152	152
Minority Interest	0	0	0	0
Reserves & Surplus	87,158	1,01,418	1,16,466	1,33,463
Net Worth	87,310	1,01,570	1,16,618	1,33,615
Total Debt	1,279	1,117	1,117	1,117
Net Deferred Tax Liability	2,138	2,867	2,867	2,867
Total Capital Employed	90,727	1,05,554	1,20,602	1,37,599

Applications of Funds

Net Block	36,333	43,748	49,919	52,990
CWIP	1,731	3,841	1,200	1,000
Investments	903	2,716	2,716	2,716
Current Assets, Loans & Advances	68,204	72,189	84,702	1,01,127
Current Investments	12,460	12,598	12,598	12,598
Inventories	13,012	9,839	14,561	16,426
Receivables	9,299	14,058	10,333	11,657
Cash and Bank Balances	27,039	24,996	35,914	48,043
Loans and Advances	1,456	2,690	2,692	2,695
Other Current Assets	4,938	8,008	8,605	9,707
Less: Current Liabilities & Provisions	16,444	16,940	17,935	20,233
Payables	12,478	12,102	13,003	14,670
Other Current Liabilities	3,966	4,838	4,932	5,564
<i>sub total</i>				
Net Current Assets	51,760	55,249	66,767	80,893
Total Assets	90,727	1,05,554	1,20,602	1,37,599

E – Estimates

Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	49.9	52.7	52.0	52.0
EBIDTA Margin	26.3	27.3	26.8	27.1
EBIT Margin	22.3	22.9	21.5	21.8
Tax rate	11.3	22.5	22.0	22.0
Net Profit Margin	21.9	20.8	19.9	19.9
(B) As Percentage of Net Sales (%)				
COGS	50.1	47.3	48.0	48.0
Employee	9.1	9.8	10.2	10.2
Other	14.5	15.6	15.0	14.8
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	56.9	55.3	60.0	68.5
Inventory days	62	45	62	62
Debtors days	44	64	44	44
Average Cost of Debt	46.9	27.5	27.5	27.5
Payable days	59	55	55	55
Working Capital days	246	253	284	305
FA T/O	2.1	1.8	1.7	1.8
(D) Measures of Investment				
AEPS (Rs)	110.8	109.4	112.3	126.5
CEPS (Rs)	131.2	132.7	141.7	160.4
DPS (Rs)	11.5	15.0	11.2	12.7
Dividend Payout (%)	10.4	13.7	10.0	10.0
BVPS (Rs)	575.6	669.6	768.8	880.8
RoANW (%)	21.1	17.6	15.6	15.3
RoACE (%)	20.8	17.2	15.3	15.1
RoAIC (%)	29.9	25.3	22.4	24.2
(E) Valuation Ratios				
CMP (Rs)	3730	3730	3730	3730
Mcap (Rs Mn)	5,65,843	5,65,843	5,65,843	5,65,843
EV	5,27,623	5,29,366	5,18,448	5,06,319
MCap/ Sales	7.4	7.1	6.6	5.9
EV/Sales	6.9	6.6	6.0	5.2
P/E	33.7	34.1	33.2	29.5
EV/EBITDA	26.2	24.3	22.6	19.3
P/BV	6.5	5.6	4.9	4.2
Dividend Yield (%)	0.3	0.4	0.3	0.3
(F) Growth Rate (%)				
Revenue	18.1	4.1	7.4	12.8
EBITDA	30.6	8.2	5.3	14.2
EBIT	29.7	7.0	1.1	14.0
PBT	31.1	13.5	1.9	12.7
APAT	36.8	(1.3)	2.6	12.7
EPS	36.8	(1.3)	2.6	12.7

E – Estimates

Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
Profit before tax	18,947	21,420	21,821	24,597
Depreciation & w.o.	3,082	3,525	4,470	5,129
Net Interest Exp	300	330	(3,306)	(3,487)
Direct taxes paid	(3,750)	(3,837)	(4,627)	(5,311)
Change in Working Capital	3,671	(4,472)	(764)	(2,088)
Non Cash	(1,891)	(2,836)	0	0
(A) CF from Operating Activities	20,359	14,130	17,594	18,841
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(6,190)	(8,379)	(8,000)	(8,000)
Free Cash Flow	14,169	5,751	9,594	10,841
(Inc.)/ Dec. in Investments	(1,946)	(1,580)	0	0
Other	(9,869)	(4,283)	3,614	3,795
(B) CF from Investing Activities	(18,005)	(14,242)	(4,386)	(4,205)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	248	(192)	0	0
Interest exp net	(453)	(139)	(308)	(308)
Dividend Paid (Incl. Tax)	(1,744)	(2,276)	(1,703)	(1,920)
Other	(267)	(223)	(279)	(279)
(C) CF from Financing	(2,216)	(2,830)	(2,290)	(2,506)
Net Change in Cash	138	(2,942)	10,918	12,129
Opening Cash balances	8,726	8,864	5,922	16,840
Closing Cash balances	8,864	5,922	16,840	28,970

E – Estimates

Notes

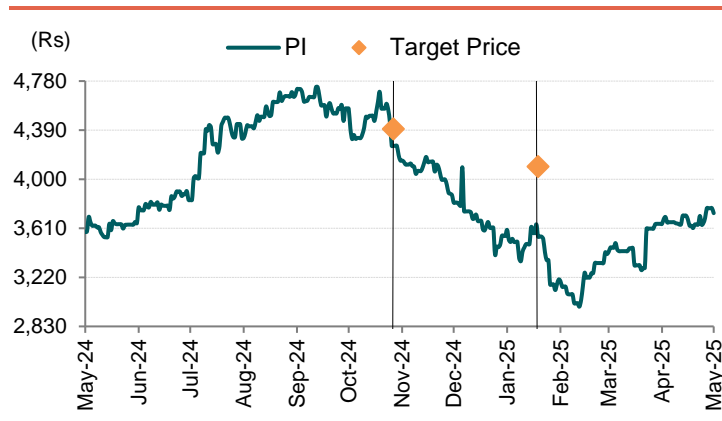
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	2	17	4
Rel to NIFTY (%)	(1)	9	(5)

Shareholding Pattern

Particulars	Sep'24	Dec'24	Mar'25
Promoters	46.1	46.1	46.1
MF/Banks/FIs	26.4	27.2	27.6
FIIIs	19.0	18.5	18.1
Public / Others	8.5	8.2	8.3



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-24	Reduce	4,400	4,265
Feb-25	Accumulate	4,100	3,544

*Price as on recommendation date
*Analyst changed from Q4 onwards

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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