

RESEARCH REPORT

PI INDUSTRIES LTD



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About

PI Industries Ltd is a leading player in the agro-chemicals space having strong presence in both Domestic and Export markets. It has state-of-art facilities in Gujarat having integrated process development teams with in-house engineering capabilities.

Revenue Breakup

Agro Chemicals- 96%

Pharma - 4%

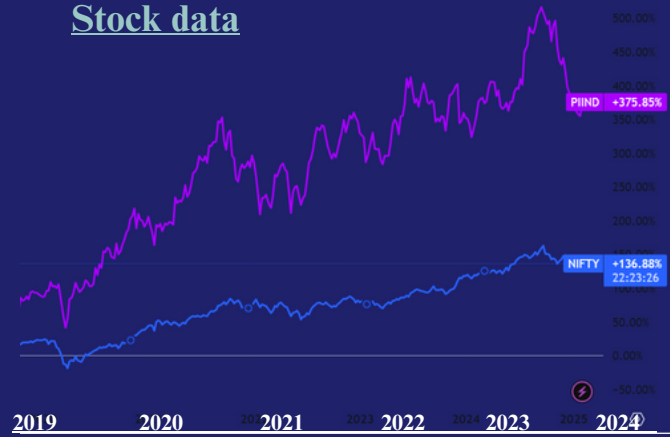
Synopsis of Financials

- 18% growth in Q3 compared to the same period last year.
- EBITDA and PAT improvements at 34% and 28% respectively.
- Revenue growth of 18%-20% expected for FY24.
- Cash flows from operating activities increased by 16%.
- Balance sheet strengthened with increased net worth.
- Q2 FY24 saw a 20% increase in revenue, 28% improvement in EBITDA, and 44% growth in PAT.
- Q2 FY24 revenue was Rs. 21,169 million, with export revenues growing by 28% and domestic revenues declining by 2%.
- YTM revenue growth was 22%, driven by solid growth in export revenues and a decline in domestic revenues.
- Cash flow from operating activities increased by 118% due to higher EBITDA and efficient working capital management.

Stock data (as 06th Feb 2025)

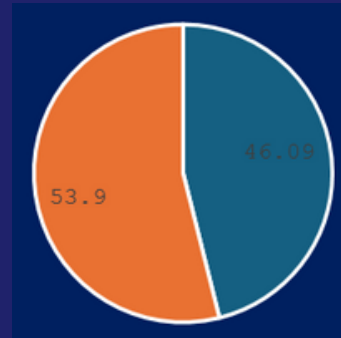
| | |
|------------------------|----------------|
| Nifty Price | : 23,603 |
| 52 week High (in Rs.) | : 4,804 |
| 52 week Low (in Rs.) | : 3,324 |
| Market Cap. (in Crore) | : ₹ 55,234 Cr. |
| NSE Code | : PIIND |

Stock data



-NIFTY50
-PIIND

Shareholding Pattern (March 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

| Particulars | Mar 2022 | Mar 2023 | Mar 2024 |
|------------------|----------|----------|----------|
| Sales | 5,300 | 6,492 | 7,666 |
| Sales Growth % | 15.79% | 22.50% | 18.08% |
| Expenses | 4,154 | 4,948 | 5,636 |
| Operating Profit | 1,146 | 1,544 | 2,030 |
| OPM % | 22% | 24% | 26% |
| Net Profit | 844 | 1,230 | 1,682 |
| EPS in Rs | 55.62 | 81.04 | 110.83 |

Quarterly Results



| Particular | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|
| Sales | 1,770 | 1,613 | 1,566 | 1,910 | 2,117 | 1,898 | 1,741 |
| Expenses | 1,338 | 1,198 | 1,223 | 1,443 | 1,566 | 1,344 | 1,299 |
| Operating Profit | 432 | 415 | 343 | 468 | 551 | 554 | 442 |
| OPM % | 24% | 26% | 22% | 24% | 26% | 29% | 25% |
| Other Income | 33 | 51 | 51 | 52 | 49 | 58 | 60 |
| Interest | 11 | 9 | 3 | 4 | 8 | 7 | 11 |
| Depreciation | 56 | 57 | 58 | 70 | 80 | 78 | 80 |
| Profit before tax | 398 | 400 | 332 | 445 | 512 | 526 | 411 |
| Tax % | 16% | 12% | 16% | 14% | 6% | 15% | 10% |
| Net Profit | 335 | 352 | 281 | 383 | 480 | 449 | 370 |

Source: Screener

Key Ratios

| Particulars | FY 2023-24 | FY 2022-23 |
|-----------------------------|------------|------------|
| Earnings per Share (EPS) | 110.85 | 81.06 |
| Current Ratio | 3.90 | 4.79 |
| Debt Equity Ratio | 0.01 | 0 |
| Operating Profit Margin (%) | 26.4% | 23.9% |
| Net Profit Margin | 21.9% | 18.9% |
| Inventory Turnover | 2.84 | 2.52 |
| Debtors Turnover | 7.95 | 7.06 |
| Interest Coverage Ratio | 73.06 | * |
| Return on Net Worth | 21.1% | 18.5% |

*ECB loan paid off during the year

Source: Annual Report

Yearly Results

| Particulars | Mar 2022 | Mar 2023 | Mar 2024 |
|-------------------|----------|----------|----------|
| Equity Capital | 15 | 15 | 15 |
| Reserves | 6,105 | 7,183 | 8,716 |
| Borrowings | 316 | 46 | 191 |
| Other Liabilities | 1,354 | 1,235 | 1,822 |
| Total Liabilities | 7,791 | 8,480 | 10,744 |
| Fixed Assets | 2,452 | 2,606 | 3,528 |
| CWIP | 114 | 132 | 278 |
| Investments | 900 | 1,016 | 1,336 |
| Other Assets | 4,325 | 4,726 | 5,601 |
| Total Assets | 7,791 | 8,480 | 10,744 |

Synopsis Quater Results

Key Highlights

Industry Overview:

- Global crop protection industry facing challenges due to fluctuating agricultural markets, commodity prices, destocking, pricing pressure, and inflation.
- Domestic sector impacted by delayed rainfall affecting crop sowing and price pressures on generic inventories.

Product Developments:

- Biologicals portfolio achieved robust 18% growth YoY.
- Launched four new brands in the first half: PRESSEDO® (insecticide), DORITO® (insecticide for cotton/brinjal), OSHEEN ULTRA® (sucking pest control), and SOLJU (microbial biofertilizer).
- Additional new brands expected to launch in H2 FY25.

Strategic Initiatives:

- Completed acquisition of Plant Health Care, enhancing expertise and product offerings in agri-biologicals.
- Focus on commercialization of peptide products and introduction of innovative biological solutions globally.

Pharma Business Update:

- Pharma revenues impacted by high inventories at innovators; volume expected to pick up in H2 FY25.
- Investments being made to upgrade infrastructure and develop capabilities for an integrated CRDMO (Contract Research and Development Manufacturing Organization).

Margin Guidance:

- Current gross and EBITDA margins at 52% and 28%, respectively; management expects sustainable margins of 26-27% for core business.
- Margin improvements attributed to favorable product mix and introduction of new products, including biologicals.

Challenges and Outlook:

- Realignment of growth guidance to high single-digit growth for FY25 due to global industry conditions and deferred procurement decisions by clients.
- Anticipated recovery in domestic revenue driven by favorable reservoir water levels and new product launches.
- Management emphasizes strong fundamentals and ongoing demand driven by food security concerns and climate change.

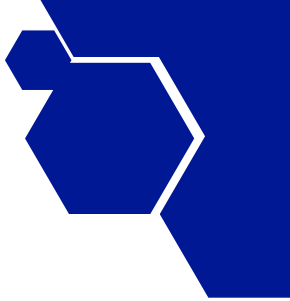
Customer Engagement:

- Over 50% of inquiries for innovator products are from non-agchem sectors.
- Strong relationships with global innovators expected to maintain the pace of commercialization for new molecules.

Future Prospects:

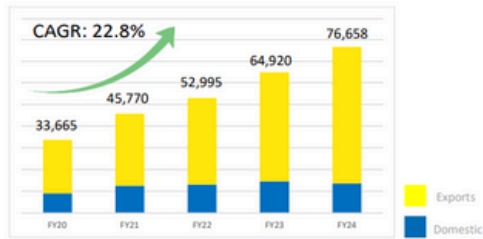
- Continued focus on high-end projects and collaborations with innovators to enhance product offerings.
- Management remains optimistic about the long-term growth trajectory despite current industry headwinds, citing strong execution capabilities and a solid balance sheet.

Revenue Highlights

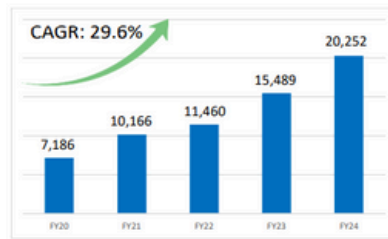


Figures in Rs Million

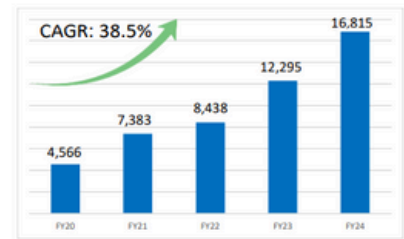
Revenue



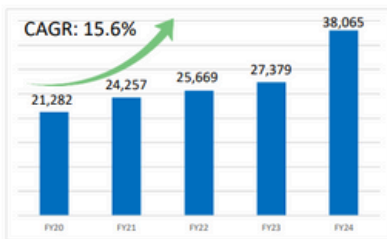
EBITDA



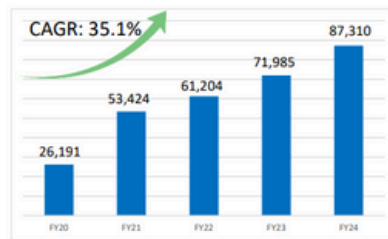
PAT



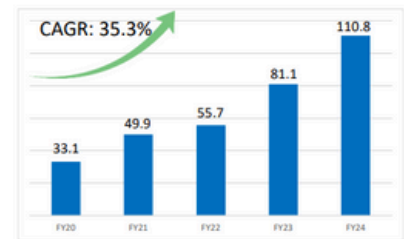
Fixed Assets



Net Worth



EPS

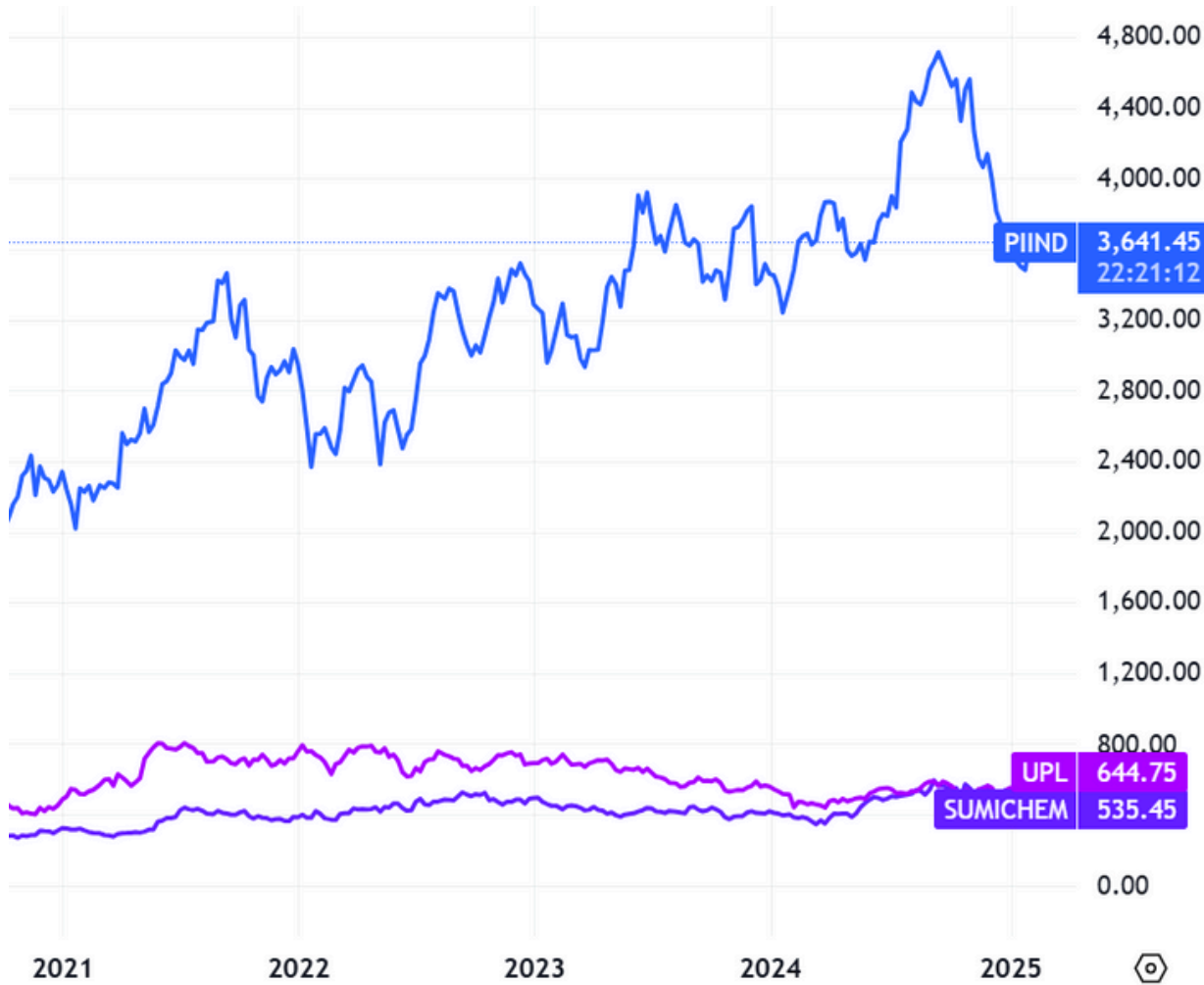


Basic EPS in INR

Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

| S.No. | Name | CMP Rs. | P/E | Mar Cap Rs.Cr. | Div Yld % | NP Qtr Rs.Cr. | Qtr Profit Var % | Sales Qtr Rs.Cr. | Qtr Sales Var % | ROCE % |
|-------|-----------------|---------|-------|----------------|-----------|---------------|------------------|------------------|-----------------|--------|
| 1. | PI Industries | 3640.55 | 31.11 | 55229.13 | 0.41 | 508.20 | 5.76 | 2221.00 | 4.92 | 24.00 |
| 2. | UPL | 644.90 | | 48406.70 | 0.15 | 853.00 | 174.85 | 10907.00 | 10.32 | 3.29 |
| 3. | Sumitomo Chemi. | 536.10 | 52.17 | 26759.15 | 0.17 | 84.31 | 53.43 | 622.43 | 15.17 | 20.83 |

Source: Screener

Final Outlook

PIIND: BUY | LTP: 3639

Stock Market Metrics

As of today PI Industries share price is up by 1.25% basis the previous closing price of Rs 3,574.45. PI Industries share price is Rs 3,641.45. Return Performance of PI Industries Shares:

- 1 Week: PI Industries share price moved up by 5.35%
- 3 Month: PI Industries share price moved down by 21.08%

Key Metrics for PI Industries are:

- PE Ratio of PI Industries is 31.12
- Price/Sales ratio of PI Industries is 7.67
- Price to Book ratio of PI Industries is 6.25
- The CAGR of PI Industries is 13.76.

Strenghts

- The company has shown a good profit growth of 34.55% for the Past 3 years.
- The company has shown a good revenue growth of 17.89% for the Past 3 years.
- Company has been maintaining healthy ROCE of 21.45% over the past 3 years.
- Company is virtually debt free.
- Company has a healthy Interest coverage ratio of 99.75.
- The Company has been maintaining an effective average operating margins of 22.73% in the last 5 years.
- Company's PEG ratio is 0.67.
- The company has an efficient Cash Conversion Cycle of -1.02 days.
- Company has a healthy liquidity position with current ratio of 3.32.
- The company has a good cash flow management; CFO/PAT stands at 1.12.

I will give Buy Recommendation for this stock

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