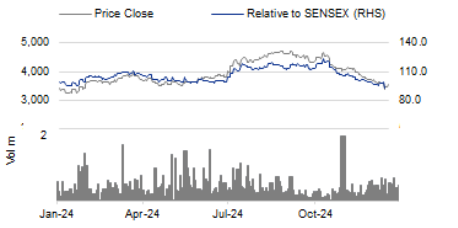
India

REDUCE *(no change)*

Consensus ratings*:	Buy 16	Hold 6	Sell 7

Current price:	Rs3,551
Target price: ▲	Rs3,067
Previous target:	Rs2,417
Up/downside:	-13.6%
InCred Research / Consensus:	-31.1%
Reuters:	PIIL.NS
Bloomberg:	PI IN
Market cap:	US$7,419m
	Rs538,736m
Average daily turnover:	US$17.7m
	Rs1284.6m
Current shares o/s:	138.0m
Free float:	53.3%

Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(8.8)	(20.4)	3.8
Relative (%)	(3.9)	(15.9)	(3.1)

Major shareholders	% held
Promoter & Promoter Group	46.8
ICICI Prudential	3.5
Axis Mutual Fund	2.5

PI Industries Ltd

Turning ex-growth: P/E will derate

- As we had expected, pre-emergent pyroxasulfone, with a cost/ha 5x higher than competitive post-emergent herbicides, is failing to penetrate new markets.
- We have analyzed samples sent to customers over the last five years, and 70% of them are agrochemicals, where growth is likely to be limited to 2-3%.
- Growth expectations are high, and our analysis of the product pipeline doesn't throw away any shift in product concentration. Reiterate our REDUCE rating.

Product pipeline mainly comprises agrochems; PI turning ex-growth

We have analyzed the samples sent to clients over the last 20 quarters to gauge the product pipeline of PI Industries. Out of 84 products, 57 are agrochemicals, while the others have general chemical applications. Interestingly, PI Industries has sent some chemical samples that can be used as intermediates for antipsychotic drugs. Most of the chemical samples with non-agrochemical applications were sent in early FY21 or FY22 and are yet to be commercialized. Among the commercialized chemicals, the market appears to be quite bullish on fluindapyr, a fungicide for soybean, rice, and cereals developed by FMC. Please note that fluindapyr is a pre-emergent SDHI fungicide and, compared to mancozeb, is 15 times costlier to use. It is highly unlikely that farmers will adopt this product on a wide scale for soybean crop in Latin America. Its use on rice crop is also extremely unlikely due to the high cost. Most of PI Industries' new samples are in herbicides, which is a strategic move as herbicides are less likely to be impacted by the widespread adoption of gene editing. However, this segment alone cannot provide the much-needed growth for the company's top line and bottom line. The stock is becoming ex-growth, and EPS is likely to remain flattish over the next couple of years. **We retain our REDUCE rating on the stock.**

Pyroxasulfone export declines by 22% YoY/47% QoQ in 3QFY25

In 3QFY25, there was a significant quarter-on-quarter (QoQ) and year-on-year (YoY) decline in pyroxasulfone exports, with a 22% YoY drop and a 47% QoQ drop. The much-anticipated slowdown in sales is now evident for the first time. PI Industries is heavily reliant on pyroxasulfone. It lacks both - a strong distribution network (compared to other generic manufacturers like Rallis India) and strong brands in the domestic market. While the market had high expectations for pyroxasulfone's expansion into new geographies, we had consistently maintained that its success in North America is unlikely to be replicated in Brazil and Australia.

Company is becoming ex-growth; P/E to derate; EPS growth unlikely

PI Industries lacks a strategic advantage in its generic product pipeline as well as it relies heavily on pyroxasulfone for export revenue, whose exports are declining, and a flattish EPS is expected over the next couple of years. We reiterate our REDUCE rating on the stock with a revised target price of Rs3,067 (25x FY27F EPS). Upside risks: A sudden increase in export demand for products other than pyroxasulfone.

Financial Summary	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	53,466	64,920	76,658	75,627	79,408
Operating EBITDA (Rsm)	11,895	15,421	20,147	23,712	24,329
Net Profit (Rsm)	8,909	12,295	16,815	18,065	18,420
Core EPS (Rs)	58.6	80.9	110.7	118.9	121.3
Core EPS Growth	12.0%	38.0%	36.8%	7.4%	2.0%
FD Core P/E (x)	60.55	43.87	32.08	29.86	29.28
DPS (Rs)	2.0	2.0	2.0	2.1	2.2
Dividend Yield	0.06%	0.06%	0.06%	0.06%	0.06%
EV/EBITDA (x)	43.67	32.89	24.88	20.43	19.17
P/FCFE (x)	162.04	80.51	207.31	23.40	28.52
Net Gearing	(32.6%)	(44.8%)	(43.8%)	(52.3%)	(59.1%)
P/BV (x)	8.81	7.49	6.18	5.14	4.37
ROE	15.5%	18.5%	21.1%	18.8%	16.1%
% Change In Core EPS Estimates			29.86%	23.00%	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Research Analyst(s)

Satish KUMAR
T (91) 22 4161 1562
E satish.kumar@incredresearch.com

Abbas PUNJANI
T (91) 22 4161 1598
E abbas.punjani@incredresearch.com

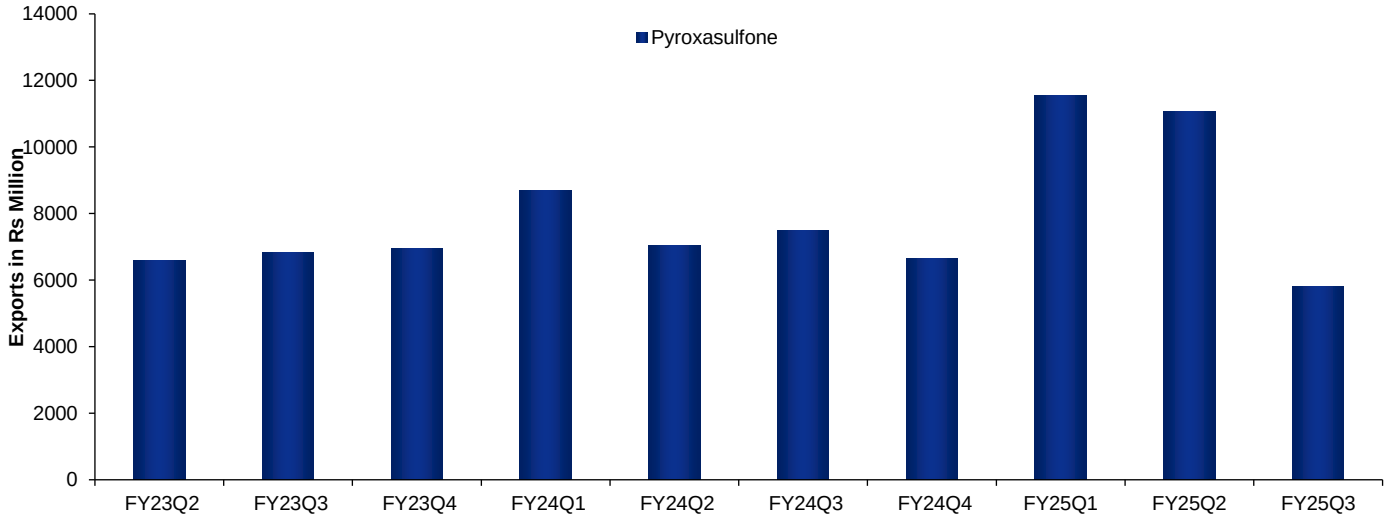
Turning ex-growth: P/E will derate

With sales of pyroxasulfone stagnating and no other big molecule in the pipeline, it appears that EPS growth for PI Industries, at best, will fall to low single digit. The stock is already derating and it may derate further going ahead. We retain our REDUCE rating on the stock.

Pyroxasulfone has done remarkably well for PI Industries

PI Industries' pyroxasulfone exports may have peaked ➤

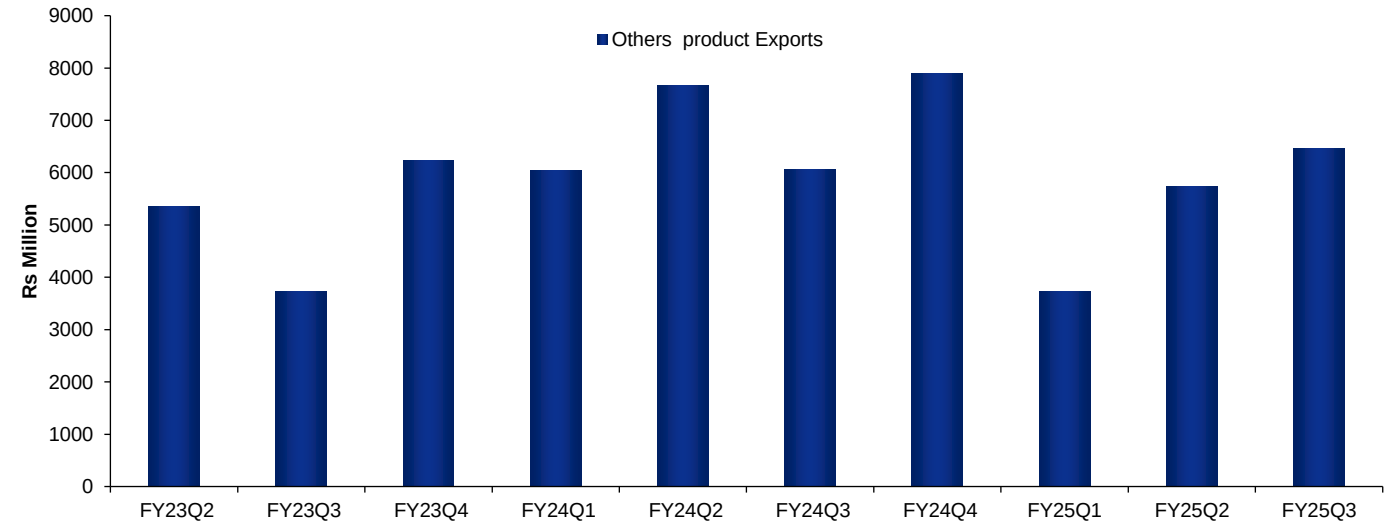
Figure 1: During 3QFY25, pyroxasulfone exports witnessed a significant decline for the first time in the past 10 quarters



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Exports of other products are not picking up at all ➤

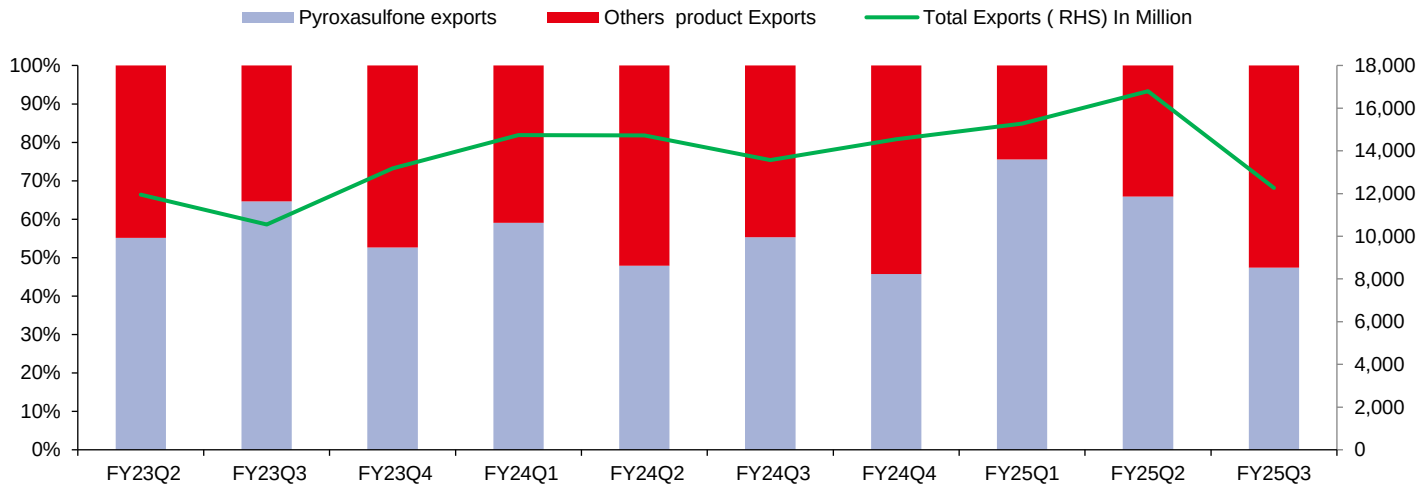
Figure 2: PI Industries' higher dependence on pyroxasulfone is depicted in the graph below



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Almost 60% of the company's exports are driven by pyroxasulfone ➤

Figure 3: Pyroxasulfone drives almost 60% of PI Industries' exports



SOURCE: COMPANY REPORTS, INCRED RESEARCH

The pipeline of new products is listed below ➤

Figure 4: The list of samples that have been sent to various customers is shown below; this sample list is for the last 14 quarters i.e., starting FY21; PI Industries has sent some samples of already established compounds to new customers and the same have been excluded from this list

Name	Usage
3, 3', 3, 3'-biphenyltetraboxylic dianhydride (BPODA)	3,3',3,3'-biphenyltetracarboxylic dianhydride (BPODA) is a chemical compound with the formula C16H6O6. It is a white, crystalline solid that is soluble in organic solvents. BPODA is a monomer used in the production of polyimides, a class of high-performance polymers with excellent thermal, mechanical, and electrical properties.
3-(3-bromo-6-fluoro-2-methyl-1H-indol-1-yl) sulfonyl-N, N-dimethyl-1H 1, 2, 4-triazole-1-sulfonamide (ISTS)	3-(3-bromo-6-fluoro-2-methyl-1H-indol-1-yl) sulfonyl-N, N-dimethyl-1H-1,2,4-triazole-1-sulfonamide, also known as amisulbrom, is a fungicide used to control late blight and downy mildew in potatoes. It is a member of the bromoindole class of fungicides.
5-amino-1-(3-chloro-4, 5, 6, 7-yerahydropyrazolo (1 5-a) pyridine-2 -yl) pyrazole-4-carbonitrile	5-amino-1-(3-chloro-4,5,6,7-tetrahydropyrazolo[1,5-a] pyridine-2-yl) pyrazole-4-carbonitrile is a chemical compound with the formula C13H12ClN4. It is currently under investigation as a potential treatment for epilepsy and other neurological disorders.
1-(4-(chlorophenoxy)-2-trifluoromethyl) phenyl) ethanone	The common name of 1-(4-(4-chlorophenoxy)-2-trifluoromethyl) phenyl) ethanone is clethodim. It is a selective herbicide that is used to control a variety of broadleaf weeds, including pigweed, lambsquarters, and crabgrass. It is also used as a pre-emergent herbicide, which means that it is applied to the soil before the weeds germinate.
1-(4-chlorophenyl)-1H-py razol-3-ol [CHP-H]	The compound was first synthesized in 1987 by a team of Japanese researchers. It was subsequently shown to have anticonvulsant activity in animal models of epilepsy. The compound has also been shown to protect neurons from damage caused by oxidative stress.
1,2-dimethyl-3-nitroisou	1,2-dimethyl-3-nitroisourea is a chemical compound with the formula C3H8N3O3. I1,2-dimethyl-3-nitroisourea is a derivative of isourea, and it has been shown to have antimicrobial and anticancer properties. The compound was first synthesized in 1968 by a team of Japanese researchers. It was subsequently shown to have antimicrobial activity against a variety of bacteria and fungi. The compound has also been shown to have anticancer activity in animal models of cancer.
1,4-diphenoxy-Hydroquinone	1,4-diphenoxy-hydroquinone is a precursor to several other compounds, including the herbicide hexazinone and the fungicide benomyl. It is also used as a component in some plastics and resins. In cosmetics, 1,4-diphenoxy-hydroquinone is used as a skin lightener. It works by inhibiting the production of melanin, the pigment that gives skin its colour. However, it can also cause side effects, such as skin irritation and allergic reactions.
1-H Pyrrole-2,5 dicarboxylic acid	1-H pyrrole-2,5-dicarboxylic acid is a versatile compound that has been used in a variety of applications. It has been used as a precursor to other compounds, as a mordant in dyeing, and as a component in some pharmaceuticals.
2-(2,4-dichlorophenoxy) acetic acid	2-(2,4-dichlorophenoxy) acetic acid dimethylamine salt, also known as 2,4-D dimethylamine salt, is a chemical compound with the formula C8H11Cl2NO2. It is a white to off-white, crystalline solid that is soluble in water and organic solvents
2-(3,5-dichlorophenyl) propionic acid	The chemical compound 2-(3,5-dichlorophenyl) propionic acid is also known as dichlorprop. It is a selective herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass. It is also used to control woody plants, such as trees and shrubs.
2-(chlorobenzyl)-5-isopropyl-3-methylpyrazol-1-ol	2-(chlorobenzyl)-5-isopropyl-3-methylpyrazol-1-ol is a potential herbicide that has been shown to be effective against a variety of weeds, including dandelions, clover, and crabgrass. It is also a potential fungicide that has been shown to be effective against a variety of fungi, including powdery mildew and rust.
2- {[(4 6-Dimethoxypyrimi din-2-yl) carbamoyl] sulfamoyl}- N N-dim ethylpyridine-3-carboxamide	The common name of 2-{[(4,6-dimethoxypyrimidin-2-yl) carbamoyl] sulfamoyl}-N,N-diethylpyridine-3-carboxamide is nicosulfuron. Nicosulfuron is a member of the sulfonylurea family of herbicides, which are known for their herbicidal properties. The pyrimidine group is responsible for the herbicidal properties of the compound, while the sulfamoyl and dimethylamino groups are responsible for its solubility in water. Nicosulfuron is a selective herbicide, which means that it only kills certain types of plants. It is not harmful to most crops, but it can be toxic to animals and humans.
2-2-dichloro-1-(p-tolyl) ethanone	The common name of 2-2-dichloro-1-(p-tolyl) ethanone is vaniliprole. It is a synthetic pyrethroid insecticide that is used to control a variety of insects, including mosquitoes, flies, and cockroaches. Vaniliprole is a contact insecticide, which means that it kills insects when they come into contact with it.
2-Adamantanone	2-adamantanone is used as a starting material for the synthesis of other compounds, such as pharmaceuticals and polymers. It is also used as a fragrance ingredient and in the manufacture of plastics.
2-amino-3,4-difluorobenzonitrile	2-amino-3,4-difluorobenzonitrile is a potential herbicide, but it is not currently used in commercial products. It is also a potential precursor to other compounds, such as pharmaceuticals and polymers.
2-amino-4,6-dimethoxy-1,3,5-triazine	The common name of 2-amino-4,6-dimethoxy-1,3,5-triazine is atrazine. It is a herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass. It is also used to control woody plants, such as trees and shrubs.

2-amino -2,3- dimethyl	The common name of 2-amino-2,3-dimethylbutanoic acid is valeric acid. Valeric acid has a variety of uses. It is used as a flavouring agent in food and beverages, as a solvent in the chemical industry, and as a starting material for the synthesis of other compounds.
2-chloro-4-methylsulfonylbenzoic acid [CMSBA]	2-chloro-4-methylsulfonylbenzoic acid (C8H7ClO4S) is a chemical compound with the common name sulcotrione. It is a herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass. It is also used to control woody plants, such as trees and shrubs. Sulcotrione is a selective herbicide, which means that it only kills certain types of plants. It is not harmful to most crops, but it can be toxic to animals and humans.
3 3-(biphenyl-4 4-diylbis (oxy) diphthalic acid (BPOTA)	BPOTA is used as a flame retardant in a variety of applications, including plastics, textiles, and elastomers. It is also used as a precursor to other compounds, such as pharmaceuticals and polymers.
3 3-biphenol dianhydride (3 3-BPODA)	3,3-BPODA is a member of the biphenyl dianhydride family of compounds, which are used as intermediates in the synthesis of other compounds, such as polymers and pharmaceuticals. It is also used as a flame retardant in a variety of applications, including plastics, textiles, and elastomers.
3,5-diamino-1,2,4-triazole (guanazole)	The common name of 3,5-diamino-1,2,4-triazole (guanazole) is guanazole. Guanazole is used as an antifungal agent in a variety of applications, including agriculture, food, and pharmaceuticals. It is also used as a precursor to other compounds, such as pharmaceuticals and polymers.
3-((3-bromo-6-fluoro-2-methyl-1H-indole-1-yl) sulfonyl)-N, N-dimethyl-1H-1,2,4-triazole-1-sulfonamide (IMI)	The common name of 3-((3-bromo-6-fluoro-2-methyl-1H-indole-1-yl) sulfonyl)-N, N-dimethyl-1H-1,2,4-triazole-1-sulfonamide (IMI) is amisulbrom. Amisulbrom is a selective herbicide, which means that it only kills certain types of plants. It is not harmful to most crops, but it can be toxic to animals and humans.
3-(difluoromethyl)-1-methylcyclopropene	3-(difluoromethyl)-1-methylcyclopropene is a relatively new compound that is still under investigation. It is a potential fumigant, which means that it can be used to kill insects and other pests by releasing toxic gases.
3-ct (3-chlorothiophene)	The common name of 3-chlorothiophene is thiocresol. Thiocresol is used as an antimicrobial agent in a variety of applications, including agriculture, food, and pharmaceuticals. It is also used as a precursor to other compounds, such as pharmaceuticals and polymers.
3-phenoxybenzoic acid [3	The common name of 3-phenoxybenzoic acid is salol. Salol is used as an antiseptic agent in a variety of applications, including pharmaceuticals and cosmetics. It is also used as a preservative in food and beverages.
4 4-bisphenol A dianhydride (4 4-BPADA)	4,4'-bisphenol A dianhydride is a precursor to the production of polycarbonate plastics and epoxy resins. It is also used in the production of some flame retardants and lubricants.
4,4`-dicarboxydiphenyl ether	The common name of 4,4`-dicarboxydiphenyl ether is bisphenol F.Bisphenol F is used as a monomer in the production of polycarbonate plastics. It is also used as a flame retardant and in the production of some pharmaceuticals.
4-chlorophenyl hydrazine	4-chlorophenylhydrazine is a reagent used in organic chemistry to detect and quantify carbonyl compounds. It is also used in the synthesis of other compounds, such as pharmaceuticals and polymers.
4-methylacetophenone	Melilotal is a naturally occurring compound that is found in a variety of plants, including sweet clover. It is also produced by some bacteria. The common name of 4-methylacetophenone is melilotal.
5-amino-l-(3-chloro-4,5-dimethyl-2-thienyl)-2-hydroxy-N-(2-pyridylmethyl) benzamide	The common name of 5-amino-l-(3-chloro-4,5-dimethyl-2-thienyl)-2-hydroxy-N-(2-pyridylmethyl) benzamide is metsulfuron-methyl. Metsulfuron-methyl is a selective herbicide, which means that it only kills certain types of plants. It is not harmful to most crops, but it can be toxic to animals and humans.
5-hydroxy-2-adamantanone	5-hydroxy-2-adamantanone is a synthetic compound that is used as a precursor to other compounds, such as pharmaceuticals and polymers. It is also used as a flavouring agent in food and beverages.
7-fluoro-2-(3-dihydro-1H-inden-1-yl)-1,1,3-trimethyl-1H-pyrazole-4-carboxamide (FDTM)	FDTM is a synthetic compound that is used as a herbicide. It is applied to the soil and kills weeds by interfering with their growth. FDTM is effective against a variety of weeds, including dandelions, clover, and crabgrass. It is also effective against woody plants, such as trees and shrubs.
Aminosulfone	Aminosulfone is a generic term for a class of compounds that contain an amino group and a sulfone group. Aminosulfones are used in a variety of applications, including: **Pharmaceuticals**: Aminosulfones are used as precursors to other pharmaceuticals, such as antibiotics and anti-inflammatory drugs. **Personal care products**: Aminosulfones are used as preservatives and foaming agents in personal care products, such as shampoos and soaps. **Industrial chemicals**: Aminosulfones are used as flame retardants, antioxidants, and corrosion inhibitors in industrial chemicals.
Aminopyrifen [AMFN]	Aminopyrifen is a common name for the fungicide imazalil. Imazalil is used as a fungicide to control a variety of plant diseases, including powdery mildew, rust, and scab. It is also used as a wood preservative.
Amisulborn tech (ISTS)	The common name of amisulbrom is amibromdole. Amisulbrom is a fungicide that is used to control a variety of plant diseases, including late blight (phytophthora infestans) and downy mildew (plasmopara viticola). It is also used to control some other fungal diseases, such as powdery mildew and rust.
Bensulforon-methyl (BSM)	It is a herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass. It is also used to control woody plants, such as trees and shrubs.
Benzobicyclon	It is a herbicide that is used to control a variety of annual and perennial weeds in rice crops. It is a selective herbicide, which means that it only kills certain types of plants. It is not harmful to most rice crops, but it can be toxic to animals and humans.
CHP-H / 1-(4-chloropheny	CHP-H is a synthetic compound that is used as a precursor to other compounds, such as pharmaceuticals and polymers. It is also used as a solvent in the chemical industry.
Cyclopropyl	Cyclopropyl is used as an anaesthetic in medicine. It is also used as a propellant in aerosol cans and as a solvent in the chemical industry.
Cyclopyranil	Cyclopyranil is a synthetic compound that is used as a herbicide. It is applied to the soil and kills weeds by interfering with their growth. Cyclopyranil is effective against a variety of weeds, including dandelions, clover, and crabgrass. It is also effective against woody plants, such as trees and shrubs.
Diclоromezotiaz	Diclоromezotiaz is a synthetic compound that is used as an insecticide. It is a mesoionic insecticide, which means that it has both ionic and covalent bonds. This makes it more stable and less harmful to the environment than other types of insecticides.
Dinotefuran	Dinotefuran is used to control a variety of insect pests, including aphids, whiteflies, thrips, leafhoppers, leafminers, sawflies, mole cricket, white grubs, lacebugs, billbugs, beetles, mealybugs, and cockroaches. It is used on a variety of crops, including fruits, vegetables, ornamentals, and turf.
2-chloro-N-(2,6-diethylphenyl) benzamide	The common name of 2-chloro-N-(2,6-diethylphenyl) benzamide is benfuracarb. Benfuracarb is a systemic insecticide, which means that it is absorbed by the plant and moves throughout the plant. This makes it effective against pests that feed on the leaves, stems, and roots of the plant.
Ethyl 2-phenylacetoaceta	The common name of ethyl 2-phenylacetoacetate is glycidate. Glycidate is a flavouring agent that is used in a variety of food and beverages. It is also used in the production of perfumes and cosmetics.
Ethyl 4-chloro-2-fluoro- 5-[({[isopropyl(methyl)amino] sulfonyl}carbonyl]phenyl carbamate [PCM]	PCM is a flame retardant that is used in a variety of applications, including plastics, textiles, and electronics. It is also used as a pesticide.
Pentoxazone	Pentoxazone is a herbicide that is used to control a variety of annual and perennial weeds in rice crops. It is a selective herbicide, which means that it only kills certain types of plants. It is not harmful to most rice crops, but it can be toxic to animals and humans.
Methyl-2-sulfamoylmethyl	The common name of methyl-2-sulfamoylmethyl benzoate is metsulfuron-methyl. Metsulfuron-methyl is a herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass. It is also used to control woody plants, such as trees and shrubs.

N-(2-chloro-4-fluoro-5-(trifluoromethyl) phenyl)-2-nitrobenzamide	The common name of N-(2-chloro-4-fluoro-5-(trifluoromethyl) phenyl)-2-nitrobenzamide is imazapic. Imazapic is a herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass. It is also used to control woody plants, such as trees and shrubs.
N-(2-Methylsulfinyl-1 1 -dimethyl-ethyl)-N`-{2-methyl-4-[1 2 2 2 - tetrafluoro-1-(trifluoromethyl) ethyl]	The common name of N-(2-methylsulfinyl-1,1-dimethyl-ethyl)-N`-{2-methyl-4-[1,2,2,2-tetrafluoro-1-(trifluoromethyl)ethyl] phenyl}benzamide is flumioxazin.Flumioxazin is a herbicide that is used to control a variety of annual and perennial weeds, including barnyard grass, sedges, and grasses. It is also used to control weeds in orchards and vineyards.
N` -[2-chloro-4-fluoro-5-(trifluoromethyl) phenyl]-2-nitrobenzamide	The common name of N` -[2-chloro-4-fluoro-5-(trifluoromethyl) phenyl]-2-nitrobenzamide is imazamox. Imazamox is a herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass. It is also used to control woody plants, such as trees and shrubs.
N-ethylcaprolactam [NEC]	Caprolactone is a cyclic amide that is used to make nylon 6. It is also used as a solvent and a monomer in the production of plastics. The common name of N-ethylcaprolactam is caprolactone.
Oxaziclomfone	It is a new herbicide that is currently under development. Oxaziclomfone is a photosystem II inhibitor, which means that it blocks the production of a compound that is essential for photosynthesis. This causes the weeds to die. Oxaziclomfone is applied to the leaves of the weeds and is absorbed by the plant. It is then translocated to the roots, where it kills the cells.
Pyraclonil	Pyraclonil is a selective herbicide that is used to control a variety of weeds in rice crop.
SSF 126 (metominopstrobi)	It is a new herbicide that is currently under development.
Sulfonated polyphenylene	Sulfonated polyphenylene (SPP) is a synthetic polymer that is used in a variety of applications, including water treatment, oil and gas production, and electronics.
Triketone	A triketone is an organic compound that contains three ketone groups. The simplest triketone is 2,3,4-pentanetrione, also known as dimethyl triketone or acetoacetic aldehyde. Triketones are used in a variety of applications, including: **Solvents**: Triketones are used as solvents for a variety of organic compounds, including resins, plastics, and dyes. **Flavours and fragrances**: Triketones are used to impart fruity, floral, and spicy notes to flavours and fragrances. **Chemical intermediates:** Triketones are used as intermediates in the synthesis of a variety of other chemicals, including pharmaceuticals, pesticides, and plastics. **Curing agents**: Triketones are used as curing agents for resins and plastics. **Esters**: Triketones can be used to make esters, which are used in a variety of applications, such as perfumes, flavours, and solvents.
TZOX-Na dehydrate	TZOX-Na dehydrate is a generic name for the herbicide metsulfuron-methyl sodium. Metsulfuron-methyl sodium is a sulfonylurea herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass. It is also used to control woody plants, such as trees and shrubs.
(lR)-1-methyl-2-oxo-2-tetrahydro-lH-pyrrolylethyl 2-bromo-2-(2- chlorophenyl) acetate (CBL)	(1R)-1-methyl-2-oxo-2-tetrahydro-1H-pyrrolylethyl 2-bromo-2-(2-chlorophenyl) acetate is a compound with specific applications in pharmaceutical synthesis, particularly related to Clopidogrel.
(Methyl (2RS)-2-[2-chloro-4-(4-chlorophenoxy) phenyl]- 2-hydroxy-3-(1H-1,2,4-triazol-1-yl) propanoate)	This compound is notable for its potential applications in agricultural chemistry, particularly as a Traizole fungicide.
1-(2-chloro-1,3-thiazol-5-ylmethyl)-3-(3,5-dichlorophenyl)-3,4-dihydro-9-methyl-2,4-dioxo 2H-pyrido (1,2-	1-(2-chloro-1,3-thiazol-5-ylmethyl)-3-(3,5-dichlorophenyl)-3,4-dihydro-9-methyl-2,4-dioxo-2H-pyrido[1,2-a] pyrimidine, is known as Diclorome zotiaz. Diclorome zotiaz is primarily used as an insecticide in rice cultivation to manage various lepidopteran pests.
1-(3-chloro-4,5,6,7-tetrahydropyrazolo (1,5-A) pyridin-2-YL)-5-(methyl (prop-2-ynyl) amino)-pyrazole-4-carbo	It is also known as Pyraconil. Pyraclonil is utilized as a herbicide in rice cultivation to manage weed growth.
1-hydroxypyrene	1-hydroxypyrene is primarily used as a biomarker in biological samples.
2-(8-chloro-3,4-dihydro-4-(4-methoxyphenyl)-3-oxoquinoxalin-2-ylcarbonyl) cyclohexane-1,3-dione	2-(8-chloro-3,4-dihydro-4-(4-methoxyphenyl)-3-oxoquinoxalin-2-ylcarbonyl) cyclohexane-1,3-dione, is known as Fenquinotrione. It is an herbicide used to control weeds in rice.
2-adamantanone [2-ADN]	2-adamantanone is a versatile organic compound with significant applications in chemical synthesis, particularly in the preparation of adamantane derivatives.
3-(3,4-dichloro-1,2-thiazol-5-ylmethoxy)-1,2-benzothiazole 1,1-dioxide	3-(3,4-dichloro-1,2-thiazol-5-ylmethoxy)-1,2-benzothiazole 1,1-dioxide, is known as Dichlobentiazox. It is a fungicide primarily used in rice cultivation to control diseases such as powdery mildew and rice blast.
3-endo-[2-propoxy-4-(trifluoromethyl) phenoxy]-9-azabicyclo [3..3 .1]nonane hydrochloride (POB.HCI)	3-endo-[2-propoxy-4-(trifluoromethyl) phenoxy]-9-azabicyclo [3.3.1]nonane hydrochloride, is known as Acynonapyr. It is a novel acaricide developed by Nippon Soda Co., Ltd.
4-chloro-2-cyano-N, N-dimethyl-5-p tolylimidazole-l-sulfonamide (CYFD)	4-chloro-2-cyano-N, N-dimethyl-5-p-tolylimidazole-1-sulfonamide, is known as Cyazofamid. Cyazofamid is a fungicide primarily used to control oomycete plant pathogens.
5-acenaphthylenemethanol	5-acenaphthylenemethanol is a derivative of acenaphthylene, a polycyclic aromatic hydrocarbon with various industrial applications (mostly in the synthesis of agrochemicals).
6-chloro-3-(2-cyclopropyl-6- methylphenoxy) pyridazin-4-yl morpholine-4-carboxylate [CYMT]	3-(2-cyclopropyl-6-methylphenoxy) pyridazin-4-yl morpholine-4-carboxylate, commonly known as Cyclopyrimorate. Cyclopyrimorate is a chemical compound used as a fungicide to control various fungal diseases in crops.
8-chloro-4-(4-methoxyphenyl)-3-oxo-3,4-dihydroquinoxaline-2-carboxylic acid	This compound is a metabolite of Fenquinotrione, a fungicide used to control various fungal diseases in crops.
9-Benzyl-9-azabicyclo [3.3.1] none-3-one [OBB]	OBB is primarily utilized as an intermediate in the synthesis of various chemical compounds, including potential pharmaceuticals and agrochemicals.
Int-4b (5-amino-1-(3-chloro-4 ,5, 6, 7-tetrahydropyrazolo [1,5-a]pyridin- 2-yl)pyrazole-4-carbonitril	5-Amino-1-(3-chloro-4,5,6,7-tetrahydropyrazolo[1,5-a] pyridin-2-yl)-1H-pyrazole-4-carbonitrile is a chemical compound with potential applications in chemical and pharmaceutical research.
KA (N-methyl-2-oxo-2-phenylacetamide)	Utilized as intermediates in organic synthesis and pharmaceutical research.
KNF-1934 (methyl (2RS)-2-[2-chloro-4-(4-chlorophenoxy)phenyl]- 2-hydroxy-3-(1H-1,2,4-triazol-1-yl)propan	Potential utility in pharmaceutical or agrochemical research, particularly due to the presence of the triazole moiety, which is known for various biological activities.
Methyl 1,3,4-trimethyl-1H-pyrazole-5-carboxylate (MTH)	Methyl 1,3,4-trimethyl-1H-pyrazole-5-carboxylate is a pyrazole derivative with potential applications in chemical research
N-(5-chloro-2-isopropylbenzyl)-N-cyclopropylamine / BCPA	N-(5-chloro-2-isopropylbenzyl)-N-cyclopropylamine is a synthesized compound with a defined chemical structure. It may hold potential for various chemical or pharmaceutical research endeavours.
STFM ((3-thiophenecarboxamide, 4,5-dimethyl-N-2-propenyl-2-(trimethylsilyl)-)	Silthiofam is employed as a fungicide, particularly effective against certain fungal diseases in crops.
Tembotrione technical 94% w/w min [TMBT]	Tembotrione is a selective, post-emergence herbicide belonging to the triketone chemical class, primarily used for controlling a broad spectrum of broadleaf and grassy weeds in corn cultivation.
Trans-1,4-cyclohexanedicarboxylic acid [TCDA]	Trans-1,4-cyclohexanedicarboxylic acid (TCDA) is a chemical compound used as a monomer in the production of polyamides and other polymers.
TZOX-Na dehydrate	TZOX-Na dehydrate refers to the sodium salt form of Ceftizoxime, a third-generation cephalosporin antibiotic, in its anhydrous (dehydrated) state.

SOURCE: COMPANY REPORTS, INCRED RESEARCH

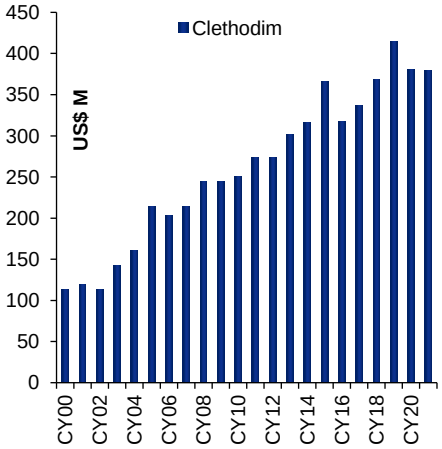
The agrochemicals present in samples and their sales over the last 20 years are shown below ➤

1. **1-(4-(4-chlorophenoxy)-2-trifluoromethyl)phenyl) ethenone**- Its common name is Clethodim. This is a pre-emergent herbicide.
2. **1,4-diphenoxy-hydroquinone** – Used to produce herbicide hexazinone apart from many other applications. However, the most possible usage by PI Industries' customers is to produce herbicide.
3. **2-(2,4-dichlorophenoxy)acetic acid** - It's a famous generic herbicide.
4. **2-(3,5-dichlorophenyl)propionic acid**- The chemical compound 2-(3,5-dichlorophenyl)propionic acid is also known as dichlorprop.
5. **2-(chlorobenzyl)-5-isopropyl-3-methylpyrazol-1-ol-** It's a potential herbicide (under research now).
6. **2-{[(4 6-dimethoxypyrimi din-2-yl) carbamoyl] sulfamoyl}- N N-dim ethylpyridine-3-carboxamide** - The common name of 2-{[(4,6-dimethoxypyrimidin-2-yl)carbamoyl]sulfamoyl}-N,N-diethylpyridine-3-carboxamide is nicosulfuron. Nicosulfuron is a member of the sulfonylurea family of herbicides.
7. **2-2-dichloro-1-(p-tolyl)ethanone-** The common name of 2-2-dichloro-1-(p-tolyl)ethanone is vaniliprole.
8. **2-amino-3,4-difluorobenzonitrile -** 2-amino-3,4-difluorobenzonitrile is a potential herbicide, but it is not currently used in commercial products.
9. **2-amino-4,6-dimethoxy-1,3,5-triazine -** The common name of 2-amino-4,6-dimethoxy-1,3,5-triazine is atrazine.
10. **2-chloro-4-methylsulfony lbenzoic acid**- 2-chloro-4-methylsulfonylbenzoic acid (C8H7ClO4S) is a chemical compound with the common name sulcotrione. It is a herbicide that is used to control a variety of broadleaf weeds.
11. **3,5-diamino-1,2,4-triazole (guanazole)-** The common name of 3,5-diamino-1,2,4-triazole is guanazole. Guanazole is used as an antifungal agent in a variety of applications, including agriculture, food, and pharmaceuticals.
12. **3-((3-bromo-6-fluoro-2-methyl-1H-indole-1-yl)sulfonyl)-N,N-dimethyl-1H-1,2,4-triazole-1-sulfonamide (IMI) -** The common name of 3-((3-bromo-6-fluoro-2-methyl-1H-indole-1-yl)sulfonyl)-N,N-dimethyl-1H-1,2,4-triazole-1-sulfonamide (IMI) is amisulbrom. Amisulbrom is a selective herbicide.
13. **5-amino-l-(3-chloro-4,5-dimethyl-2-thienyl)-2-hydroxy-N-(2-pyridylmethyl) benzamide** - The common name of 5-amino-l-(3-chloro-4,5-dimethyl-2-thienyl)-2-hydroxy-N-(2-pyridylmethyl) benzamide is metsulfuron-methyl. Metsulfuron-methyl is a selective herbicide, which means that it only kills certain types of plants.
14. **7-fluoro-2-(3-dihydro-1H-inden-1-yl)-1,1,3-trimethyl-1H-pyrazole-4-carboxamide** Fluindapyr is a synthetic compound that is used as a herbicide. It is applied to the soil and kills weeds by interfering with their growth.
15. **Aminopyrifen -** Aminopyrifen is a common name for the fungicide, imazalil.
16. **Amisulbrom**- The common name of amisulbrom is amibromdole. Amisulbrom is a fungicide that is used to control a variety of plant diseases.
17. **Bensulfuron- methyl-** It is a herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass.
18. **Benzobicyclon-** It is a herbicide that is used to control a variety of annual and perennial weeds in rice crops.
19. **Cyclopyranil -** Cyclopyranil is a synthetic compound that is used as a herbicide. It is applied to the soil and kills weeds by interfering with their growth.
20. **Dicloromezotiaz-** Dinotefuran is used to control a variety of insect pests.
21. **2-chloro-N-(2,6-diethylphenyl)benzamide-** The common name of 2-chloro-N-(2,6-diethylphenyl)benzamide is benfuracarb.

22. **Pentoxazone**- Pentoxazone is a herbicide that is used to control a variety of annual and perennial weeds in rice crop.
23. **Methyl-2-sulfamoylmethyl**- The common name of methyl-2-sulfamoylmethyl benzoate is metsulfuron-methyl. Metsulfuron-methyl is a herbicide that is used to control a variety of broadleaf weeds, including dandelions, clover, and crabgrass.
24. **N-(2-chloro-4-fluoro-5-(trifluoromethyl)phenyl)-2-nitrobenzamide**- The common name of N-(2-chloro-4-fluoro-5-(trifluoromethyl)phenyl)-2-nitrobenzamide is imazapic.
25. **N-(2-methylsulfinyl-1 1 -dimethyl-ethyl)-N`-{2-methyl-4-[1 2 2 2 -tetrafluoro-1-(trifluoromethyl) ethyl]-** The common name of N-(2-methylsulfinyl-1,1-dimethyl-ethyl)-N`-{2-methyl-4-[1,2,2,2-tetrafluoro-1-(trifluoromethyl)ethyl]phenyl}benzamide is flumioxazin.
26. **N` -[2-chloro-4-fluoro-5-(trifluoromethyl)phenyl]-2-nitrobenzamide -** The common name of N` -[2-chloro-4-fluoro-5-(trifluoromethyl)phenyl]-2-nitrobenzamide is imazamox.
27. **Oxaziclomfone** - It is a new herbicide that is currently under development.
28. **Pyraclonil -** Pyraclonil is a selective herbicide that is used to control a variety of weeds in rice crop.
29. **SSF 126 (METOMINOPSTROBI)**- It is a new herbicide that is currently under development.
30. **TZOX-Na dehydrate**- TZOX-Na dehydrate is a generic name for the herbicide metsulfuron-methyl sodium.

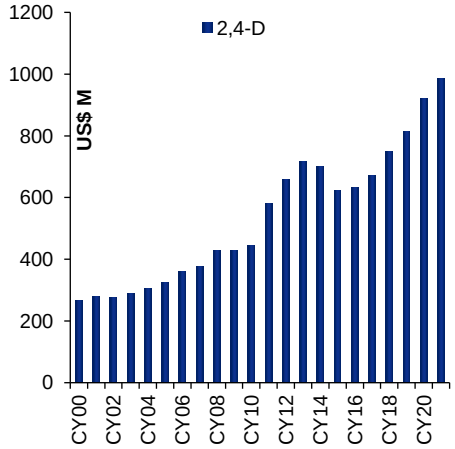
Out of these 30 agrochemicals, multiple chemicals are generic, and PI industries is only a me-too supplier. The sales of all those agrochemicals for the last 20 years are shown in the graphs below.

Figure 5: Clethodim (herbicide) has shown an impressive 6% CAGR over the last 21 years



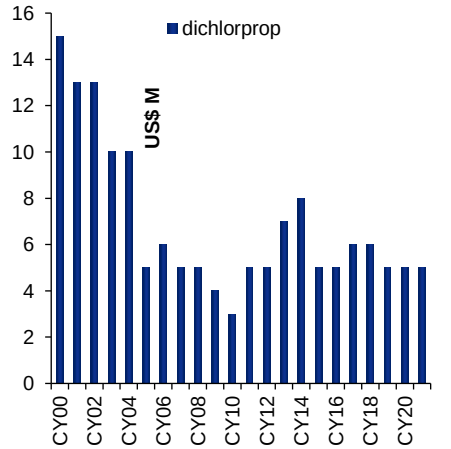
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: 2,4D has shown impressive growth in sales (6% CAGR), but is highly competitive



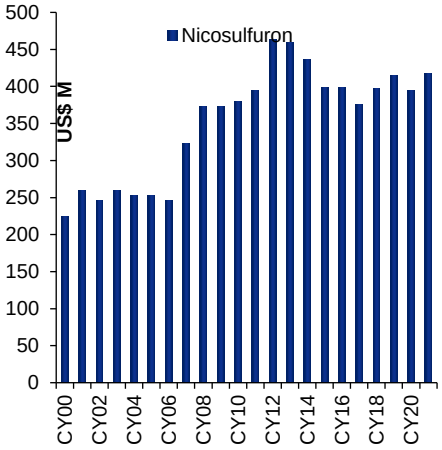
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Dichlorprop (herbicide) sales never picked up



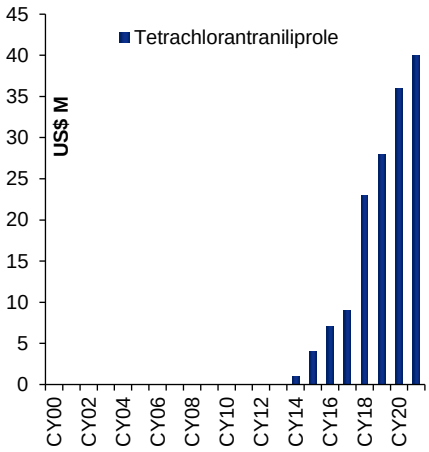
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Nicosulfuron (herbicide) has shown anaemic growth, at a 3% CAGR, for the last 21 years



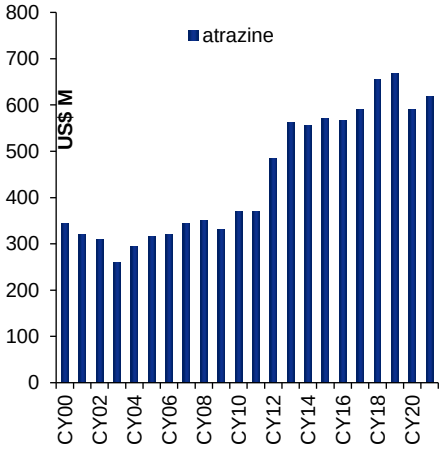
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Tetrachlorantraniliprole (insecticide) sales have been insignificant



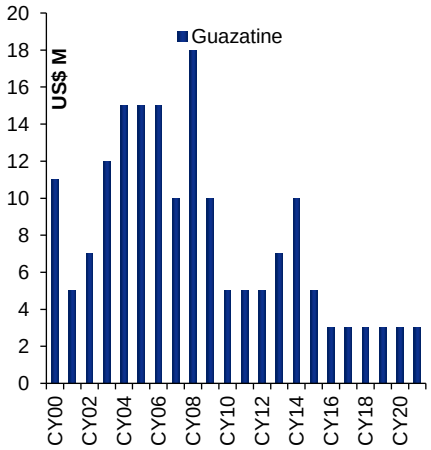
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Atrazine is an old herbicide – registers sales growth, at a 3% CAGR, over the last 21 years



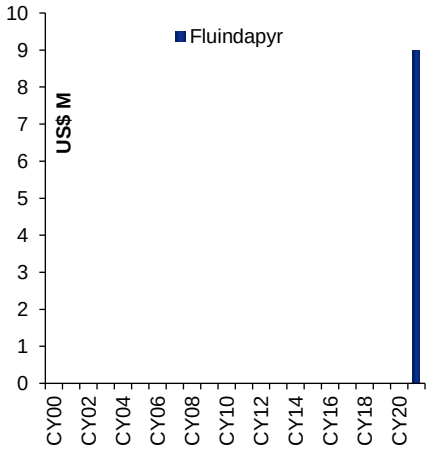
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Gazatine (fungicide) sales have been insignificant



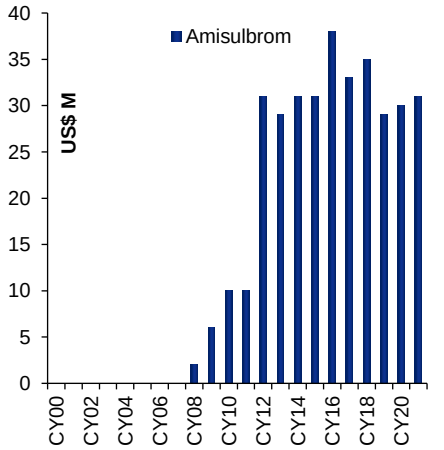
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Fluindapyr (fungicide) is the market's hope for PI Industries



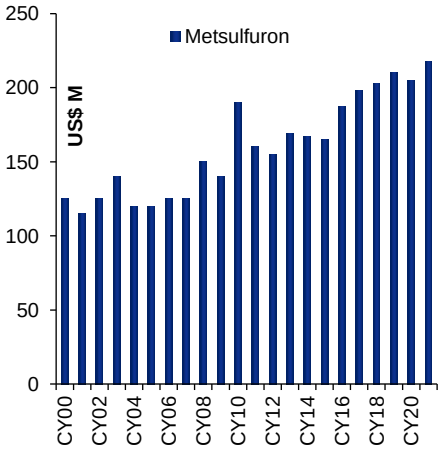
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Amisulbrom (fungicide) sales have hovered around US$30m



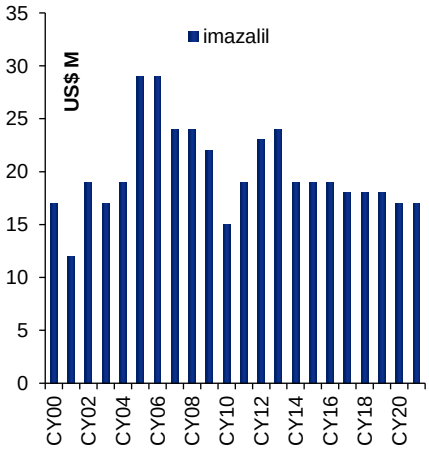
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: Metsulfuron (herbicide) sales have hovered around US$200m



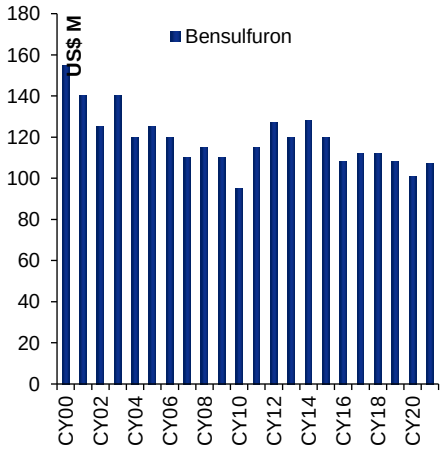
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: Imazalil (fungicide) sales have been stagnant and are insignificant for the last six-to-seven years



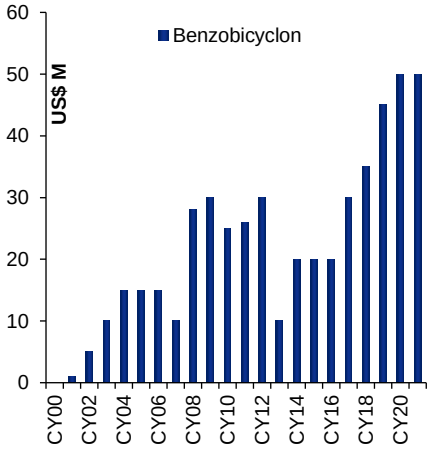
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: Bensulfuron is a declining herbicide



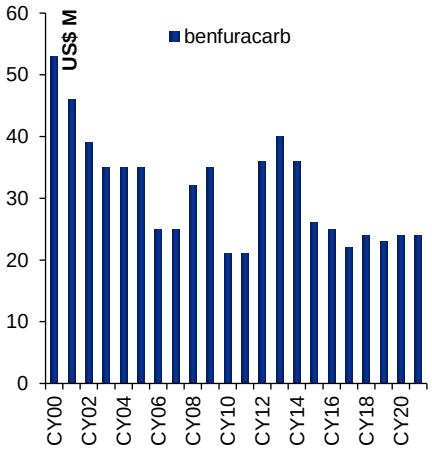
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Benzobicyclon, with only US$50m in sales after 21 years of its launch, has not been successful



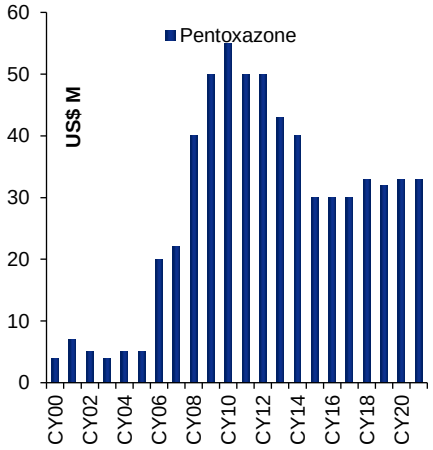
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 18: Benfuracarb (an insecticide) sales have been declining



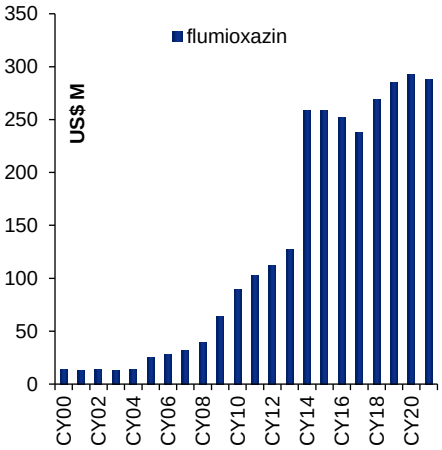
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: For the past few years, pentoxazone (insecticide) sales haven't been doing well



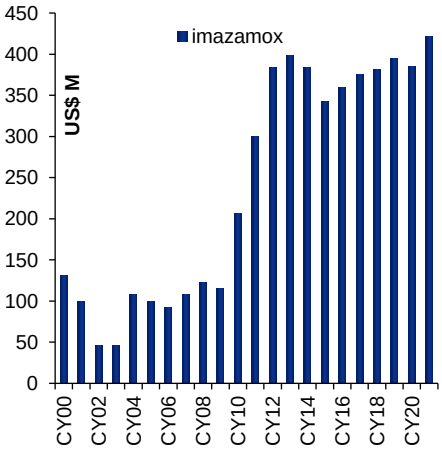
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 20: Herbicide flumioxazin sales have stagnated



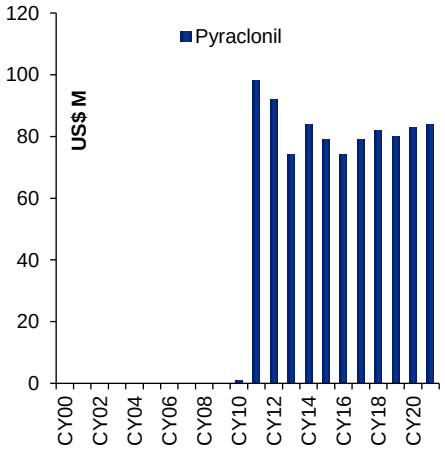
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 21: Imazomox herbicide is still doing well, although its growth is anaemic



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 22: Like many other herbicides, pyraclonil burst into the scene with great promise, but its sales have stagnated



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Fluindapyr is the hope for the street ➤

Fluindapyr has been developed by FMC and it appears that PI industries is trying hard to get a CRAMS contract for the same. In its 2022 annual report, FMC said that it sold a fluindapyr-based fungicide mixture for US$100m.

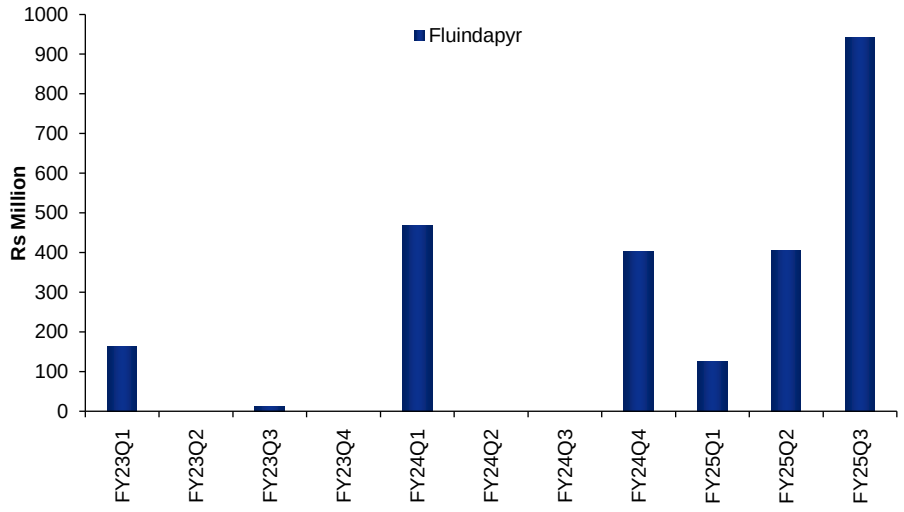
Figure 23: Onsuva - a fluindapyr-based fungicide's brand's sales accounted for US$100m in 2022 for FMC

> from products launched in the last five years, representing 10 percent of the total revenue. In 2022, we had new product launches in Canada of Coragen® Max insecticide based on Rynaxypyr® active and in Brazil of Boral® Full, our new herbicide mixture product. We had new product launches in Argentina and Paraguay of Onsuva® fungicide based on our new Fluindapyr active ingredient. Products launched in 2022 accounted for approximately $100 million in sales. Our diamides, Rynaxypyr® and Cyazypyr® active ingredients, continued to be a significant part of our portfolio, representing approximately $2.1 billion in combined sales and approximately 36 percent of the total revenue in 2022. We also grew our Plant Health program, which includes FMC's biologicals platform, by 8 percent. Plant Health is now over $230 million in sales and outpacing market growth.

SOURCE: INCRED RESEARCH, FMC ANNUAL REPORT 2022

PI Industries has exported Rs942m of fluindapyr in 3QFY25 ➤

Figure 24: PI Industries' fluindapyr sales have been rising over the last 12 months



SOURCE: INCRED RESEARCH, COMPANY REPORTS

What is a fluindapyr fungicide? ➤

Fluindapyr is a fungicide that is used to control a variety of diseases in row crops, specialty crops, and turf. It is a SDHI (succinate dehydrogenase inhibitor) fungicide, which means that it works by blocking an enzyme that is essential for fungal growth.

In 2020, FMC Corporation (FMC) acquired the rights to fluindapyr from Isagro S.p.A., and the company expects to launch the fungicide in Paraguay in 2023, followed by USA, China, Europe, Argentina, Brazil, and other countries.

In Brazil, fluindapyr has been registered for use on a variety of crops, including soybean, corn, cotton, and grapes. The fungicide is also registered for use in Argentina, Mexico, and Colombia.

The registration of fluindapyr in Latin America is a positive development for farmers in the region. The fungicide offers a new and effective way to control a variety of diseases, and it could help to improve crop yield and quality.

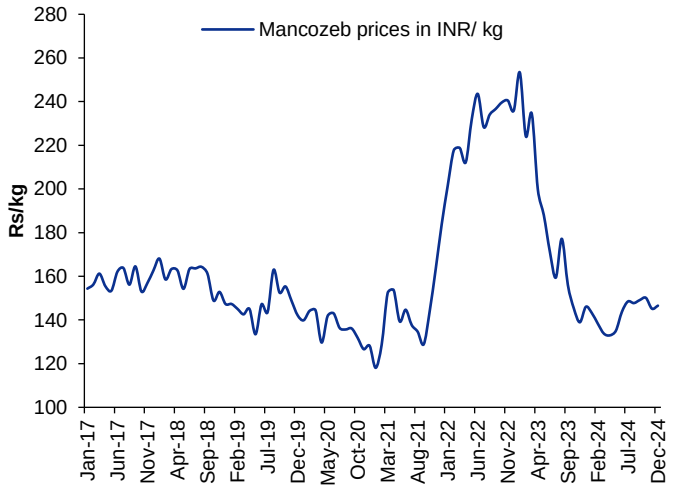
Some of the diseases that fluindapyr can control in Latin America:

- Soybean rust
- Corn smut
- Cotton leaf spot
- Grape powdery mildew
- Tomato late blight.

Can it become as sucessful as mancozeb? Too early to say, but human behaviour indicates it's difficult and fuindapyr is 10x costly compared to mancozeb ➤

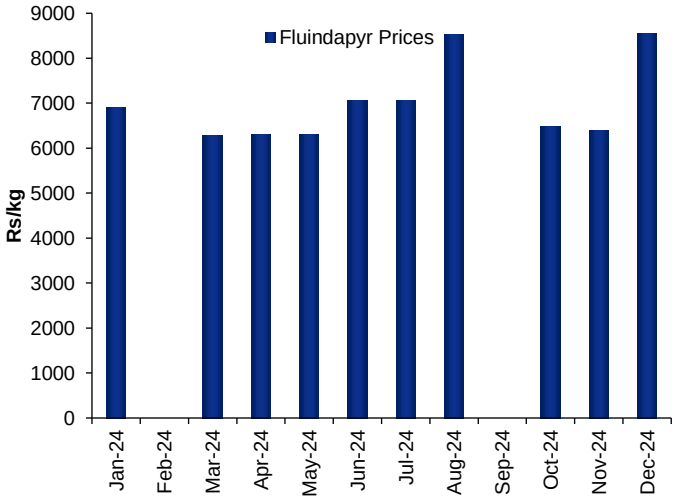
Fluindapyr is a pre-emergent fungicide while mancozeb is a post-emergent one. Please note that fluindapyr is much more costly than mancozeb. Using this costly fungicide as a preventive measure is not exactly in sync with the normal farmer behaviour in emerging markets. Pyroxasulfone's success in USA and Japan cannot be extrapolated in Brazil, Argentina or even India. Please note that pyroxasulfone never succeeded in India, and we are yet to see it if succeeds in Brazil, Argentina, etc. High-income countries can apply preventive herbicides and fungicides but that's not the case with the farmers in low-income countries.

Figure 25: Mancozeb prices are back to the historical level of Rs 150/kg



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 26: Fluindapyr prices are nearing Rs10,000/kg



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Funindapyr requirement per acre is only 4x lesser compared to mancozeb and hence, its usage is 15x costlier

1. The recommended application rate of mancozeb for soybean rust control is 2.2kg/ha (2.0 pounds/acre). This is equivalent to 1.36 pounds/1,000 sq. ft. The fungicide should be applied when the disease symptoms first appear and repeated at 7-to-10-day intervals while warm, rainy weather conditions prevail.
2. The recommended application rate of fluindapyr for Asian rust control is 1.25 fluid ounces/acre (0.375 L/ha or 0.5kg/ha). This is equivalent to 0.11 ounce/ 1,000 sq. ft. (0.29L/1,000 sqm.). The fungicide should be applied when disease symptoms first appear and repeated at 7-to-10 day intervals while warm, wet weather conditions prevail.

As explained in the paragraphs above, fluindapyr requirement is 25% of the requirement of the mancozeb. Hence, it is 10x more costly than mancozeb. Added to it is the fact that it should be applied before the emergence of the fungus. May be fluindapyr will become successful in USA, Europe, etc, but we are doubtful that it will get success in India, China, Argentia or even Brazil.

How about pyroxasulfone's success in new geographies? It's very costly to achieve success in Brazil, India, etc. ➤

1. Pyroxasulfone is a pre-emergence herbicide that is used to control a variety of grass and broadleaf weeds in crops such as wheat, corn, soybean, and cotton. It works by inhibiting the production of an enzyme that is essential for cell division in weeds. Please remember that the cost of pyroxasulfone is exorbitant at US$86-87/kg.
2. Here are some post-emergent herbicides for wheat and corn:

Wheat

- **Clodinafop-propargyl + metsulfuron-methyl**: This herbicide is used to control a variety of broadleaf weeds in wheat, including lambsquarters, wild mustard, and volunteer canola.
- **Fluroxypyr**: This herbicide is used to control a variety of broadleaf weeds in wheat, including chickweed, dandelion, and henbit.
- **Imazapyr**: This herbicide is used to control a variety of weeds, including both grasses and broadleaf weeds, in wheat.
- **Sethoxydim**: This herbicide is used to control a variety of grass weeds in wheat, including crabgrass, foxtail, and quack grass.

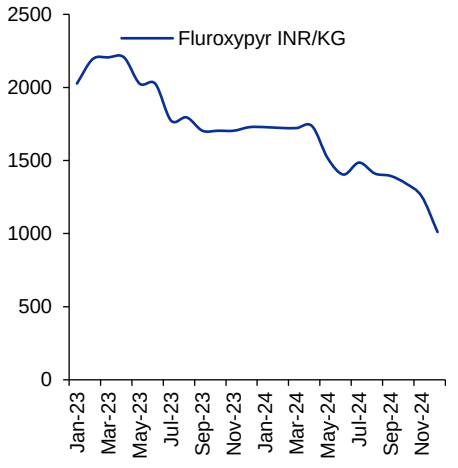
Corn

- **2,4-D**: This herbicide is used to control a variety of broadleaf weeds in corn, including pigweed, lambsquarters, and velvetleaf.

- **Glyphosate**: This herbicide is used to control a variety of weeds, including both grasses and broadleaf weeds, in corn. It is important to note that glyphosate-resistant weeds are becoming increasingly common, and so it is important to rotate herbicides with other methods of weed control.
- **Topramezone**: This herbicide is used to control a variety of grass weeds in corn, including crabgrass, foxtail, and barnyard grass.

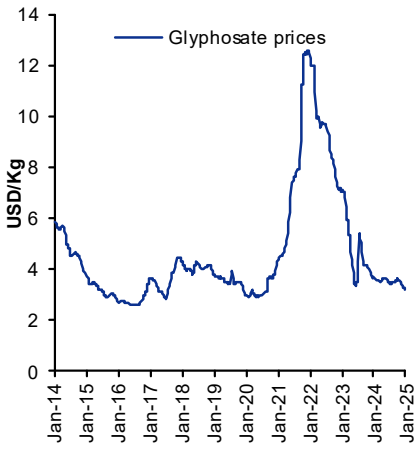
Last 18 months' prices of all these generic agrochemicals are given below:

Figure 27: Fluroxypyr price ~Rs1,000/kg



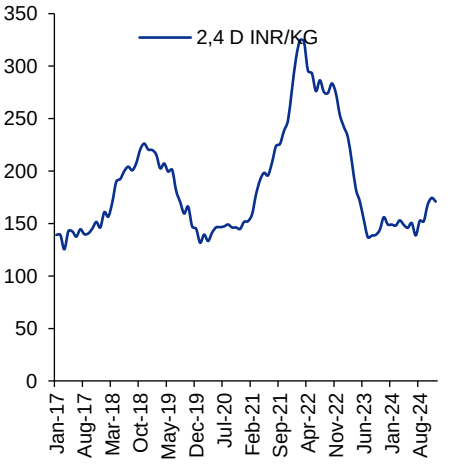
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 28: Glyphosate costs ~Rs300/kg



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 29: 2,4, D prices are around Rs 150/kg



SOURCE: INCRED RESEARCH, COMPANY REPORTS

The application rate of proxasulfone doesn't account for the huge price differential (apart from topramezone) ➤

1. **Pyroxasulfone application rate** - For wheat, the recommended application rate is 125 to 250 g a.i./ha (49 to 98 oz./A). This rate will provide good control of most annual grass weeds, including foxtail, barnyard grass, and green foxtail. It will also provide some control of broadleaf weeds, such as volunteer canola and mustard. For corn, the recommended application rate is 210 to 250 g a.i./ha (77 to 98 oz./A). This rate will provide good control of most annual grass weeds, including crabgrass, foxtail, and barnyard grass. It will also provide some control of broadleaf weeds, such as volunteer soybean and sunflower. *Hence, AI cost of pyroxasulfone for wheat works out to be Rs1,300/ ha and for corn Rs1,700/ha.*
2. **Clodinafop-propargyl + metsulfuron-methyl-** The recommended application rate of clodinafop-propargyl + metsulfuron-methyl for wheat is 60 g a.i./ha + 4 g a.i./ha, respectively*. Hence, AI cost of clodinafop-propargyl + metsulfuron-methyl for wheat works out to be Rs200/ ha.*
3. **Fluroxypyr -** The application rate of fluroxypyr varies depending on the specific weed species, the crop being treated, and the desired level of control. However, the following are some general guidelines:
   - For broadleaf weeds, the recommended application rate is typically 0.25 to 0.5 pound of active ingredient (a.i.) per acre.
   - For woody plants, the recommended application rate is typically 1 to 2 pounds of a.i. per acre.
   - For grasses, the recommended application rate is typically 0.5 to 1 pound of a.i. per acre.

Hence, AI cost, on an average, for wheat works out to be Rs230-400/ha.

4. **2,4-D -** The application rate of 2,4-D varies depending on the specific weed species, the crop being treated, the desired level of control, and the form of 2,4-D being used. However, the following are some general guidelines:
   - For broadleaf weeds, the recommended application rate is typically 0.5 to 1.0 pound of active ingredient (a.i.) per acre.
   - For woody plants, the recommended application rate is typically 1 to 2 pounds of a.i. per acre.

- For grasses, the recommended application rate is typically 0.5 to 1 pound of a.i. per acre.

Hence, AI cost, on an average, for wheat works out to be Rs200/ha.

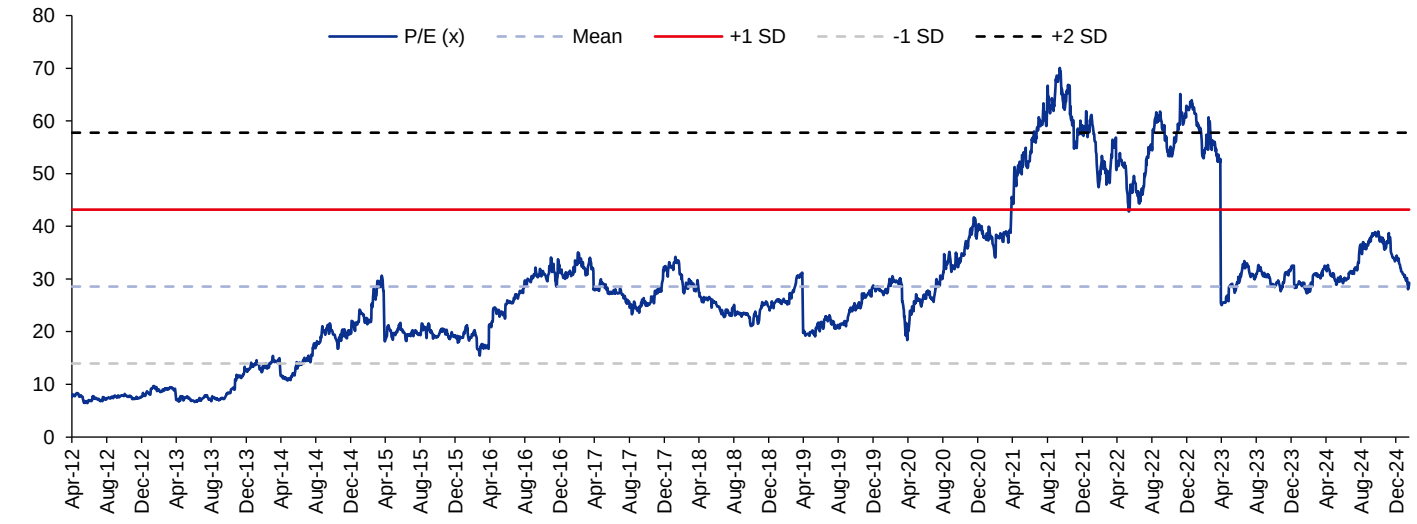
5. **Glyphosate -** The recommended application rate of glyphosate for wheat varies depending on the specific weed species, the stage of growth of the wheat crop, and the desired level of control. However, the following are some general guidelines:
   - For control of annual grasses in wheat, the recommended application rate is 0.75 to 1.0 pound of active ingredient (a.i.) per acre.
   - For control of broadleaf weeds in wheat, the recommended application rate is 1.0 to 1.5 pounds of a.i. per acre.
   - For control of both annual grasses and broadleaf weeds in wheat, the recommended application rate is 1.25 to 1.5 pounds of a.i. per acre.

   Hence, AI cost, at a maximum level, for wheat works out to be Rs500/ha.
6. **Topramezone -** The recommended application rate of topramezone for corn varies depending on the specific weed species, the stage of growth of the corn crop, and the desired level of control. However, the following are some general guidelines:
   - For control of annual broadleaf weeds in corn, the recommended application rate is 0.05 to 0.075 pound of active ingredient (a.i.) per acre.
   - For control of perennial broadleaf weeds in corn, the recommended application rate is 0.1 to 0.15 pound of a.i. per acre.

Hence, AI cost, at a maximum level (price of Rs12,000/ kg), for wheat works out to be Rs2,000/ha.

Valuation is too high; EPS expectations need to come down

Figure 30: Stock price can go back to the valuation level witnessed during FY16-20 when EPS growth was negligible



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 31: Growth expectation is not crazy; however, given the headwinds in the business, EPS may decline

PI Industries Ltd Csld C Periodicity Annuals Source Standard Cur INR
Broker -------- Guidance

More estimates are available | MODL »

1) Headline 2) Headline Growth 3) Company-Specific

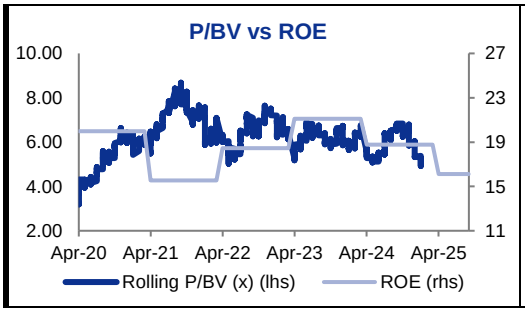
12 Months Ending	FY 2024 Act 03/31/2024	FY 2025 Est 03/31/2025	#	FY 2026 Est 03/31/2026	#	FY 2027 Est 03/31/2027	#	FY 2028 Est 03/31/2028	#
11) EPS, Adj+	110.830	113.181	26	125.358	27	141.968	24	142.825	2
12) EPS, GAAP	110.830	114.413	10	129.584	9	144.820	7		
13) Revenue	76.658B	83.420B	28	94.811B	28	107.055B	24	119.015B	2
14) Gross Margin %	49.834	50.417	18	50.170	18	50.130	15	50.500	2
15) Operating Profit	17.065B	19.326B	26	21.621B	26	24.533B	23	25.291B	2
16) EBIT	17.170B	19.207B	26	21.574B	26	24.475B	23	25.291B	2
17) EBITDA	20.252B	22.675B	27	25.564B	27	28.941B	24	30.272B	2
18) Pre-Tax Profit	18.947B	21.963B	25	24.496B	26	27.939B	23	28.230B	2
19) Net Income Adj+	16.815B	17.220B	25	19.071B	27	21.550B	24	21.690B	2

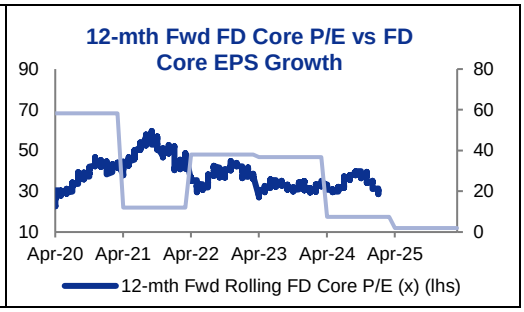
Current Multiples 5) Hide Multiples

	Last 4 Qtrs Act	Next 4 Qtrs Est	FY 2025	FY 2026	FY 2027
Price/EPS, Adj+	32.04		31.37	28.33	25.01
Price/Book	6.17		5.29	4.57	3.92
Price/Cash Flow	25.13		31.48	27.59	23.73
EV/Revenue	6.32		6.00	5.28	4.68

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Net Revenues	**53,466**	**64,920**	**76,658**	**75,627**	**79,408**
Gross Profit	**53,466**	**64,920**	**76,658**	**75,627**	**79,408**
Operating EBITDA	**11,895**	**15,421**	**20,147**	**23,712**	**24,329**
Depreciation And Amortisation	(2,018)	(2,265)	(3,082)	(3,343)	(3,558)
Operating EBIT	**9,877**	**13,156**	**17,065**	**20,369**	**20,771**
Financial Income/(Expense)	(128)	(371)	(300)	(600)	(600)
Pretax Income/(Loss) from Assoc.	36	68	105		
Non-Operating Income/(Expense)	1,014	1,590	2,077	600	600
Profit Before Tax (pre-EI)	**10,799**	**14,443**	**18,947**	**20,369**	**20,771**
Exceptional Items					
Pre-tax Profit	**10,799**	**14,443**	**18,947**	**20,369**	**20,771**
Taxation	(1,890)	(2,148)	(2,132)	(2,305)	(2,350)
Exceptional Income - post-tax					
Profit After Tax	**8,909**	**12,295**	**16,815**	**18,065**	**18,420**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**8,909**	**12,295**	**16,815**	**18,065**	**18,420**
Recurring Net Profit	8,909	12,295	16,815	18,065	18,420
Fully Diluted Recurring Net Profit	**8,909**	**12,295**	**16,815**	**18,065**	**18,420**

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	11,895	15,421	20,147	23,712	24,329
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(5,276)	2,050	3,671	(2,010)	(1,316)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(160)	(1,557)	(1,891)		
Other Operating Cashflow	(2,795)	(3,087)	(5,018)	(3,410)	(3,096)
Net Interest (Paid)/Received	(128)	(371)	(300)	(600)	(600)
Tax Paid	1,751	2,558	3,750	2,305	2,378
Cashflow From Operations	**5,287**	**15,014**	**20,359**	**19,998**	**21,694**
Capex	(3,362)	(3,225)	(6,190)	(2,781)	(2,781)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,258	(1,737)	(11,815)	5,836	
Cash Flow From Investing	**(1,104)**	**(4,962)**	**(18,005)**	**3,055**	**(2,781)**
Debt Raised/(repaid)	(930)	(3,352)	248		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(758)	(1,137)	(1,744)	(326)	(337)
Preferred Dividends					
Other Financing Cashflow	(85)	(342)	(720)	(600)	(600)
Cash Flow From Financing	**(1,773)**	**(4,831)**	**(2,216)**	**(926)**	**(937)**
Total Cash Generated	2,410	5,221	138	22,126	17,977
Free Cashflow To Equity	**3,253**	**6,700**	**2,602**	**23,053**	**18,913**
Free Cashflow To Firm	**4,311**	**10,423**	**2,654**	**23,653**	**19,513**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	22,649	32,272	39,499	56,244	74,221
Total Debtors	8,687	7,720	9,299	11,329	12,491
Inventories	14,234	13,976	13,012	12,837	14,153
Total Other Current Assets	5,960	2,655	4,975	4,975	4,975
Total Current Assets	**51,530**	**56,623**	**66,785**	**85,386**	**105,839**
Fixed Assets	24,842	28,901	32,324	31,762	30,770
Total Investments	448	313	903	448	448
Intangible Assets	828	828	3,611	3,611	3,611
Total Other Non-Current Assets	263	482	4,017	4,017	4,017
Total Non-current Assets	**26,381**	**30,524**	**40,855**	**39,838**	**38,846**
Short-term Debt	979		662	662	662
Current Portion of Long-Term Debt					
Total Creditors	9,242	8,380	11,484	11,329	12,491
Other Current Liabilities	3,261	3,438	4,960	4,960	4,960
Total Current Liabilities	**13,482**	**11,818**	**17,106**	**16,951**	**18,113**
Total Long-term Debt	1,699		617	617	617
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	571	678	2,041	2,041	2,041
Total Non-current Liabilities	**2,270**	**678**	**2,658**	**2,658**	**2,658**
Total Provisions	955	316	566	566	566
Total Liabilities	**16,707**	**12,812**	**20,330**	**20,175**	**21,337**
Shareholders Equity	61,204	71,985	87,310	105,048	123,348
Minority Interests					
Total Equity	**61,204**	**71,985**	**87,310**	**105,048**	**123,348**

Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	15.4%	21.4%	18.1%	(1.3%)	5.0%
Operating EBITDA Growth	11.3%	29.6%	30.6%	17.7%	2.6%
Operating EBITDA Margin	22.2%	23.8%	26.3%	31.4%	30.6%
Net Cash Per Share (Rs)	131.46	212.44	251.59	361.82	480.16
BVPS (Rs)	402.89	473.86	574.74	691.50	811.96
Gross Interest Cover	77.16	35.46	56.88	33.95	34.62
Effective Tax Rate	17.5%	14.9%	11.3%	11.3%	11.3%
Net Dividend Payout Ratio	3.4%	2.5%	1.8%	1.8%	1.8%
Accounts Receivables Days	53.67	46.12	40.52	49.78	54.75
Inventory Days	nm	nm	nm	nm	nm
Accounts Payables Days	nm	nm	nm	nm	nm
ROIC (%)	23.3%	30.8%	33.6%	39.0%	39.5%
ROCE (%)	16.2%	19.2%	21.2%	20.9%	18.0%
Return On Average Assets	12.2%	15.3%	17.6%	16.0%	14.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Research Services Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Research Services Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Research Services Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.

In the past 12 months, IRSPL or any of its associates may have:

a) Received any compensation/other benefits from the subject company,
b) Managed or co-managed public offering of securities for the subject company,
c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

InCred Research Services Private Limited
Research Analyst SEBI Registration Number: INH000011024
Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051
Phone: +91-22-6844-6100
Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051
Phone: +91-22-4161-1500
Name of the Compliance Officer: Mr. Yogesh Kadam
Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Rajarshi Maitra
Phone no. +91-022-41611546
Email ID: rajarshi.maitra@incredresearch.com
CIN: U74999MH2016PTC287535

Recommendation Framework

Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.