

# **PI Industries**

**BSE SENSEX S&P CNX** 31,449 9,794

**CMP: INR713** 

TP: INR894(+25%)

Buy

# Motilal Oswal values your support in the Asiamoney Brokers Poll 2017 for India Research, Sales and Trading

team. We request your ballot.

Bloomberg	PI IN
Equity Shares (m)	138
M.Cap.(INRb)/(USDb)	94.8 / 1.5
52-Week Range (INR)	950 / 674
1, 6, 12 Rel. Per (%)	-8/-31/-23
Avg. Val, INRm	136
Free float (%)	48.5

## Financials & Valuations (INR b)

2017	<b>2018E</b>	<b>2019E</b>
23.8	25.3	28.6
5.5	5.7	6.7
4.6	4.2	4.9
33.4	30.4	35.8
46.4	-8.9	17.6
118.3	142.0	169.8
32.8	23.4	22.9
31.0	23.0	22.9
21.4	23.4	19.9
6.0	5.0	4.2
	23.8 5.5 4.6 33.4 46.4 118.3 32.8 31.0 21.4	23.8 25.3 5.5 5.7 4.6 4.2 33.4 30.4 46.4 -8.9 118.3 142.0 32.8 23.4 31.0 23.0 21.4 23.4

Estimate change	<b>↓</b>
TP change	ı,
Rating change	

# Growth to normalize post recovery in global agchem market

- GST transition disrupts growth: PI's overall revenue fell 14.4% YoY to INR5,848m (est. of INR7,517m) in 1QFY18. EBITDA margin shrunk 190bp YoY to 22.3% (est. of 25%), led by higher other expenses (+300bp YoY) and employee cost (+210bp). EBITDA declined 21% YoY to INR1,304m. Consequently, adj. PAT fell 21% YoY to INR1,001m (est. of INR1,283m).
- Soft product uptake; demand to normalize in 2HFY18: 1QFY18 witnessed deferment in product uptake, despite better monsoon and higher major crop acreages, on account of GST transition. Domestic revenue declined 17% YoY to INR2,848m, while exports fell 12% YoY to INR3,000m. PI, however, expects the global companies to pump up their inventory in 2HFY18 as the global agchem market recovers, normalizing exports. The company continues investing in R&D capabilities to drive new product introductions, keeping itself ready for any normalization in growth momentum.
- Product pipeline stands strong: PI is well on track with its new products, as witnessed by the launch of 'ELITE', a maize herbicide, in partnership with BASF. The company also introduced two rice fungicides – 'HEADER' and 'FENDER' – and is expected to launch two more products in FY18. PI is set to leverage its collaborations and JVs to further strengthen its product pipeline, allowing better execution of its order book (stands at USD1b) to garner more share in
- Valuation and view: We believe PI is well placed to leverage the turnaround in the global agchem scenario on the back of continued investment in R&D and a strong product pipeline. However, with global demand picking up only in 2HFY18, we cut our earnings estimates by 9%/5% for FY18/FY19. We maintain our Buy rating with a TP of INR894, 25x FY19E EPS.

Standalone - Quarterly Earning Model					(INR	Million)
wie sa i	FMAT	EWAD	EMAT	EVACE	EMAG	

T/E IVIATOR		F11	./			FITE	•	F111	LITOE	L119	Vdf
	1Q	2Q	3Q	4Q	1Q	2QE	3QE 4QE			1QE	(%)
Net Sales	6,834	5,440	5,003	6,273	5,848	6,256	5,824 7,233	23,550	25,161	7,517	-22
YoY Change (%)	15.4	14.1	-4.5	3.7	-14.4	15.0	16.4 15.3	7.2	6.8	10.0	
Total Expenditure	5,178	4,719	3,970	4,736	4,544	5,165	4,428 5,316	18,603	19,454	5,638	
EBITDA	1,656	722	1,034	1,537	1,304	1,091	1,395 1,916	4,948	5,707	1,879	-31
Margins (%)	24.2	13.3	20.7	24.5	22.3	17.4	24.0 26.5	21.0	22.7	25.0	
Depreciation	178	181	183	185	197	210	167 220	727	794	195	
Interest	16	13	12	31	14	9	3 5	72	31	12	
Other Income	113	134	133	-21	126	107	99 112	358	444	85	
PBT before EO expense	1,575	661	973	1,299	1,219	979	1,324 1,803	4,507	5,326	1,757	-31
Extra-Ord expense	0	0	0	0	0	0	0 0	0	0	0	
PBT	1,575	661	973	1,299	1,219	979	1,324 1,803	4,507	5,326	1,757	-31
Tax	306	205	33	-53	218	220	298 406	491	1,142	474	
Rate (%)	19.4	31.0	3.4	-4.0	17.9	22.5	22.5 22.5	10.9	21.4	27.0	
Reported PAT	1,269	456	940	1,352	1,001	759	1,026 1,398	4,016	4,184	1,283	-22
Adj PAT	1,269	456	940	1,352	1,001	759	1,026 1,398	4,016	4,184	1,283	-22
YoY Change (%)	47.7	-20.0	32.7	40.8	-21.1	66.4	9.2 3.4	29.7	4.2	1.1	
Margins (%)	18.6	8.4	18.8	21.5	17.1	12.1	17.6 19.3	17.1	16.6	17.1	

F: MOSL Estimates

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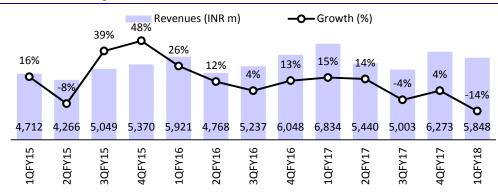
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# Result below estimates; GST transition disrupts growth

 PI's overall revenue declined 14.4% to INR5,848m (est. INR7,517m) in 1QFY18 on account of moderation in domestic demand due to destocking because of GST transition.

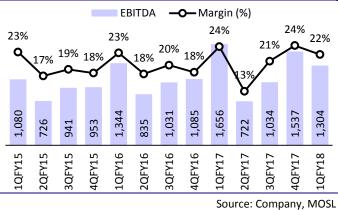
- Domestic revenue witnessed a decline of 17% YoY to INR2,848m, while exports declined 12% YoY to INR3,000m.
- However, the quarter witnessed gross margin expansion of 200bp to 53.3%. EBITDA margin contracted by 190bp to 22.3% (est. of 25%) in 1QFY18, led by a 300bp rise in other expenses and a 210bp rise in employee cost.
- EBITDA during the quarter stood at INR1,304m, down 21% YoY. Consequently, adj. PAT declined 21% YoY to INR1,001m (est. of INR1,283m).

**Exhibit 1: Revenue growth trend** 

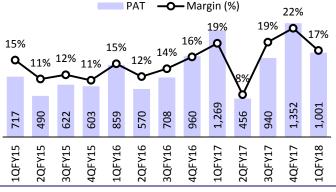


Source: Company, MOSL

**Exhibit 2: EBITDA trend** 



**Exhibit 3: PAT trend** 



Company, MOSL Source: Company, MOSL

# Valuation and view

We value PI at 25x FY19E EPS, arriving at a TP of 894 (25% upside), which we believe is justified considering:

- Growth momentum in exports is expected to pick up in 2HFY18, with the recovery in global agchem market.
- The order book continues to remain strong at USD1b, which is expected to get executed at a faster pace as the industry recovers from destocking woes due to GST.
- PI plans to continue investing in R&D capabilities to drive new product introductions. As witnessed by the introduction of a maize herbicide, two rice

fungicides and the plan to launch two more products in FY18, the company is on track to expand its product portfolio with a view to capture more market share.

■ However, with global demand picking up only in 2HFY18, we cut our earnings estimates by 9%/5% for FY18/FY19. We maintain Buy rating with a target price of INR894, 25x FY19E EPS

Exhibit 4: 15 Year P/E band



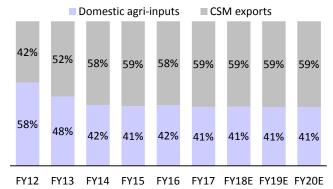
Exhibit 5: 15 Year P/B band



Source: Company, MOSL

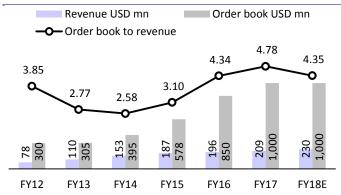
# **Story in charts**

**Exhibit 6: High CSM contribution** 



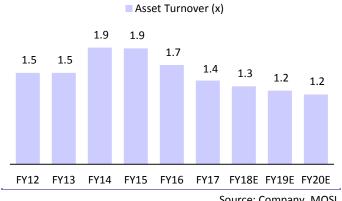
Source: Company, MOSL

Exhibit 7: Order book to revenue ratio in CSM



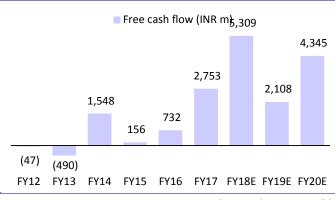
Source: Company, MOSL

**Exhibit 8: Consistently strong asset turnover** 



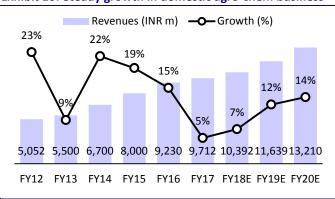
Source: Company, MOSL

**Exhibit 9: High cash flow generation** 



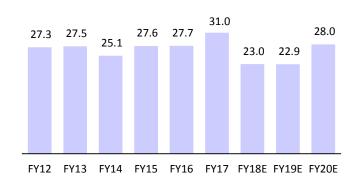
Source: Company, MOSL

Exhibit 10: Steady growth in domestic agro-chem business



Source: Company, MOSL

**Exhibit 11: Strong Roce profile** 



Source: Company, MOSL

14 August 2017

# **Key assumptions**

**Exhibit 12: Assumption sheet** 

	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Revenues (INR m)	15,955	19,390	21,974	23,833	25,350	28,649	32,517
Domestic agro-chemicals	6,700	8,000	9,230	9,712	10,392	11,639	13,210
CSM	9,250	11,390	12,744	14,121	14,958	17,010	19,307
Revenues growth (%)							
Domestic agro-chemicals	22%	19%	15%	5%	7%	12%	14%
CSM	54%	23%	12%	11%	10%	12%	14%
EBITDA (INR m)	2,889	3,723	4,493	5,780	6,130	7,035	7,985
Domestic agro-chemicals	1,039	1,280	1,689	2,137	2,286	2,595	2,946
CSM	1,785	2,392	2,804	3,643	3,844	4,440	5,039
EBITDA margins (%)	18.1%	19.2%	20.4%	24.3%	24.2%	24.6%	24.6%
Domestic agro-chemicals	15.5%	16.0%	18.3%	22.0%	22.0%	22.3%	22.3%
CSM	19.3%	21.0%	22.0%	25.8%	25.7%	26.1%	26.1%

Source: Company, MOSL

# **Financials and Valuations**

Income Statement (Consolidated) Y/E March	FY14	FY15	FY16	FY17	FY18E	FY19E	R Million) FY20E
Total Income from Operations	16,812	20,332	21,974	23,833	25,350	28,649	32,517
Change (%)	37.9	20.9	8.1	8.5	6.4	13.0	13.5
EBITDA	2,889	3,727	4,312	5,533	5,712	6,656	7,652
Margin (%)	17.2	18.3	19.6	23.2	22.5	23.2	23.5
Depreciation	316	498	543	730	805	912	1,019
EBIT	2,573	3,229	3,769	4,802	4,907	5,744	6,633
Int. and Finance Charges	118	97	96	72	30	0	0
Other Income	158	420	355	366	421	484	557
PBT bef. EO Exp.	2,613	3,552	4,028	5,096	5,298	6,228	7,190
EO Items	0	0	0	0	0	0	0
PBT after EO Exp.	2,613	3,552	4,028	5,096	5,298	6,228	7,190
Current Tax	779	1,147	909	1,035	1,113	1,308	1,510
Deferred Tax	-46	-54	4	-534	0	0	0
Tax Rate (%)	28.1	30.8	22.7	9.8	21.0	21.0	21.0
Less: Mionrity Interest	0	0	0	0.9	0.9	0.9	0.9
Reported PAT	1,880	2,459	3,115	4,594	4,185	4,920	5,680
Adjusted PAT	1,880	2,459	3,115	4,594	4,185	4,920	5,680
Change (%)	14.0	30.8	26.7	47.5	-8.9	17.6	15.4
Margin (%)	11.2	12.1	14.2	19.3	16.5	17.2	17.5
- Widigii (70)	11.2	12.1	14.2	13.3	10.5	17.2	17.5
<b>Balance Sheet (Consolidated)</b>						(IN	R Million)
Y/E March	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Equity Share Capital	136	137	137	138	138	138	138
Preference Capital	0	0	0	0	0	0	0
Total Reserves	6,809	8,828	11,572	16,134	19,397	23,226	27,816
Net Worth	6,945	8,965	11,709	16,272	19,534	23,364	27,953
Minority Interest	0	0	0	0	0	0	0
Deferred Liabilities	485	434	353	0	0	0	0
Total Loans	1,223	1,148	1,244	829	0	0	0
Capital Employed	8,653	10,546	13,306	17,101	19,534	23,364	27,953
Gross Block	6,829	7,050	11,008	12,447	13,947	15,947	17,447
Less: Accum. Deprn.	1,563	1,724	2,266	2,997	3,802	4,714	5,732
Net Fixed Assets	5,267	5,326	8,742	9,450	10,145	11,233	11,715
Goodwill on Consolidation	0	0	0	0	0	0	0
Capital WIP	425	1,332	713	773	253	286	325
Total Investments	5	5	3	832	832	832	832
Curr. Assets, Loans&Adv.	7,482	9,668	10,028	11,760	15,669	17,990	23,020
Inventory	3,188	3,782	3,948	4,320	4,237	4,540	5,131
Account Receivables	2,568	3,826	3,978	4,237	4,514	5,102	5,791
Cash and Bank Balance	438	341	560	1,326	4,854	5,871	9,125
Loans and Advances	1,289	1,719	1,543	1,877	2,064	2,477	2,973
Curr. Liability & Prov.	4,574	5,851	6,180	5,913	7,564	7,176	8,137
Account Payables	4,251	5,437	5,984	5,685	6,168	6,810	7,697
Provisions	324	413	196	227	1,395	366	440
Net Current Assets	2,908	3,817	3,849	5,847	8,105	10,814	14,883
Deferred Tax assets	48	65	0	198	198	198	198
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	8,653	10,546	13,307	17,101	19,534	23,364	27,953

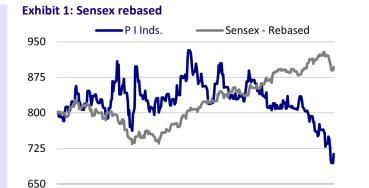
# **Financials and Valuations**

YE March         FY14         FY15         FY16         FY17         FY18E         FY29E         PY20E           BSS         13.8         11.0         22.8         33.4         30.4         35.8         41.8           BV/Share         51.0         65.6         85.7         118.3         142.0         169.8         22.01           BV/Share         51.0         65.6         85.7         118.3         142.0         169.8         22.01           BV/Share         51.0         65.6         85.7         118.3         142.0         169.8         22.01           Payout (%)         17.0         16.9         16.6         14.6         22.0         22.2         19.2           Volation (x)         7         4.1         3.9         26.6         18.4         19.7         16.8         14.2           Cash P/E         44.2         32.9         26.6         18.4         19.7         16.8         14.2           CyPyel         1.0         10.9         8.3         6.0         3.5         3.1         25.6           CyPyel         1.0         11.9         1.9         4.7         4.3         4.0         3.5         3.1         25.6	Ratios							
FPS	Y/E March	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Cash IPS IS 16.1 21.6 26.8 38.7 36.3 42.4 48.7 IS W/Share 51.0 65.6 85.7 118.3 142.0 169.8 203.1 IPS 2.0 2.15 3.1 4.0 5.5 6.5 6.5 IPS 2.0 17.0 16.9 16.6 16.6 22.0 22.2 19.2 Valuation (x)  ***Production (x)***  ***Production (x)***  ***Production (x)**  ***Produ	Basic (INR)							
BV/Share   51.0   66.6   85.7   118.3   14.0   16.9   203.1   DPS   2.0   2.5   3.1   4.0   5.5   6.5   Payout (%)   17.0   16.9   16.6   14.6   22.0   22.2   19.2   Valuation (x)   Valua	EPS	13.8	18.0	22.8	33.4	30.4	35.8	41.3
PS   Q	Cash EPS	16.1	21.6	26.8	38.7	36.3	42.4	48.7
Payout (%)	BV/Share	51.0	65.6	85.7	118.3	142.0	169.8	203.1
	DPS	2.0	2.5	3.1	4.0	5.5	6.5	6.5
P/E         51.6         39.6         31.3         21.4         23.4         19.9         17.3           Cash P/E         44.2         32.9         26.6         18.4         19.7         16.8         14.6           P/FBV         14.0         10.9         8.3         6.0         5.0         4.2         3.5           EV/Sales         5.7         4.7         4.3         4.0         3.5         3.1         2.6           EV/BITDA         33.1         2.56         22.1         17.0         15.7         13.4         11.2           Dividen Vield (%)         0.3         0.4         0.4         0.6         0.8         0.9         0.9           PCF per share         11.4         1.1         1.5         20.0         38.6         15.3         31.6           Roce         30.7         30.7         30.9         30.1         32.8         23.4         22.9         22.1           Roce         25.1         27.6         27.7         31.0         23.0         22.9         22.1           Roce         25.1         27.6         8.7         33.1         27.9         30.1           Incerations (%)         1.9         1.9 <td>Payout (%)</td> <td>17.0</td> <td>16.9</td> <td>16.6</td> <td>14.6</td> <td>22.0</td> <td>22.2</td> <td>19.2</td>	Payout (%)	17.0	16.9	16.6	14.6	22.0	22.2	19.2
Cash P/E         44.2         32.9         26.6         18.4         19.7         16.8         14.5           P/BV         14.0         10.9         8.3         6.0         5.0         4.2         3.5           EV/Sales         5.7         4.7         4.3         4.0         3.5         3.1         2.6           EV/EBITOA         33.1         25.6         22.1         17.0         15.7         13.4         11.2           Dividend Vield (%)         0.3         30.4         0.4         0.6         0.8         0.9         0.9           FC per share         11.4         1.1         5.4         20.0         38.6         15.3         31.6           Return Ratios (%)         2.7         30.9         30.1         32.8         23.4         22.9         22.1           Roce         30.7         30.9         30.1         32.8         23.4         22.9         22.1           Roce         30.7         30.9         30.1         32.8         23.4         22.9         22.1           Roce         25.1         27.6         27.7         31.0         23.0         22.9         22.1           Roce         25.1         2	Valuation (x)							
P/BW	P/E	51.6	39.6	31.3	21.4	23.4	19.9	17.3
EV/Sales         5.7         4.7         4.3         4.0         3.5         3.1         2.6           EV/BEITDA         33.1         25.6         22.1         17.0         15.7         13.4         11.2           Dividend Yield (%)         0.3         3.0.4         0.4         0.6         0.8         0.9         0.9           FCF per share         11.4         1.1         5.4         20.0         38.6         15.3         31.6           Return Ratios (%)         30.7         30.9         30.1         32.8         23.4         22.9         22.1           RoCE         25.1         27.6         27.7         31.0         23.0         22.9         28.0           RoCE         25.1         27.6         27.7         31.0         23.0         22.9         28.0           RoCE         25.1         27.6         27.7         31.0         23.0         22.9         28.0           RoCE         25.1         27.6         27.7         31.0         23.0         22.1         22.1           RoCE         25.1         28.0         18.1         18.9         18.1         12.1         12.0         12.2         12.0         12.0	Cash P/E	44.2	32.9	26.6	18.4	19.7	16.8	14.6
EV/EBITOA         33.1         25.6         22.1         17.0         15.7         13.4         11.2           Dividend Yield (%)         0.3         0.4         0.4         0.6         0.8         0.9         0.9           FCF per share         11.4         1.1         1.5         20.0         38.6         15.3         31.0           Return Ratios (%)         30.7         30.9         30.1         32.8         23.4         22.9         22.0           RoC         25.1         27.6         27.7         31.0         23.0         22.9         28.0           RoC         25.1         27.6         27.7         31.0         23.0         22.9         28.0           RoC         26.1         27.7         30.1         23.0         22.9         28.0           RoC         26.7         26.8         27.9         31.1         27.9         30.3           Inventory (Days)         1.9         1.9         1.7         1.4         1.3         1.2         1.2           Debtor (Days)         1.6         6.9         66         65         65         65         65           Creditor (Days)         1.6         1.2         1.8	P/BV	14.0	10.9	8.3	6.0	5.0	4.2	3.5
Dividend Yield (%)   0.3   0.4   0.4   0.6   0.8   0.9   0.9	EV/Sales	5.7	4.7	4.3	4.0	3.5	3.1	2.6
FCF per share   11.4   1.1   5.4   20.0   38.6   15.3   31.6     Return Ratios (%)	EV/EBITDA	33.1	25.6	22.1	17.0	15.7	13.4	11.2
Return Ratios (%)         Roc         30.7         30.9         30.1         32.8         23.4         22.9         22.1           RoCE         25.1         27.6         27.7         31.0         23.0         22.9         28.0           RoC         24.7         26.8         27.9         33.1         27.9         30.3           Working Capital Ratios           See Turnover (k)         1.9         1.9         1.7         1.4         1.3         1.2         1.2           Debtor (Days)         166         69         66         65         65         65         66         66         65         66         62	Dividend Yield (%)	0.3	0.4	0.4	0.6	0.8	0.9	0.9
RoE   30.7   30.9   30.1   32.8   23.4   22.9   22.1   RoCE   25.1   27.6   27.7   31.0   23.0   22.9   28.0   RoIC   24.7   26.8   27.9   33.1   27.9   33.1   Working Capital Ratios	FCF per share	11.4	1.1	5.4	20.0	38.6	15.3	31.6
ROCE         25.1         27.6         27.7         31.0         23.0         22.9         28.0           ROIC         24.7         26.8         27.9         33.1         27.9         30.3           Working Capital Ratios           Asset Turnover (X)         1.9         1.9         1.7         1.4         1.3         1.2         1.2           Asset Turnover (Days)         1.26         1.24         1.24         1.36         1.25         1.20         1.20           Debtor (Days)         5.6         6.9         6.6         6.5         5.5         6.5         6.5           Creditor (Days)         1.69         1.78         1.89         1.78         1.82         1.80         1.80           Working Cap. Turnover (Days)         5.4         6.2         5.5         6.9         4.7         6.0         2.0         1.2         1.80         1.	Return Ratios (%)							
ROIC   24.7   26.8   27.9   33.1   27.9   30.3     Working Capital Ratios	RoE	30.7	30.9	30.1	32.8	23.4	22.9	22.1
Norking Capital Ratios   1.9   1.9   1.7   1.4   1.3   1.2	RoCE	25.1	27.6	27.7	31.0	23.0	22.9	28.0
Asset Turnover (x)         1.9         1.9         1.7         1.4         1.3         1.2         1.2           Inventory (Days)         126         124         124         136         125         120         120           Debtor (Days)         56         69         66         65         65         65         65           Creditor (Days)         169         178         189         178         182         180         180           Working Cap. Turnover (Days)         54         62         55         69         47         63         65           Everage Ratio (x)         16         1.7         1.6         2.0         2.1         2.5         2.8           Interest Cover Ratio         1.6         1.7         1.6         2.0         2.1         2.5         2.8           Interest Cover Ratio         1.6         1.7         1.6         2.0         2.1         2.5         2.8           Interest Station         1.6         1.7         1.6         2.0         2.1         2.8           Debt/Equity         0.2         0.1         0.1         0.1         0.0         0.0         0.0           Dept/Equity         0.2	RoIC	24.7	26.8	27.9	33.1	27.9	30.3	
Inventory (Days)   126	<b>Working Capital Ratios</b>							
Debtor (Days)         56         69         66         65         65         65         65           Creditor (Days)         169         178         189         178         182         180         180           Working Cap. Turnover (Days)         54         62         55         69         47         63         65           Leverage Ratio (x)         Current Ratio         1.6         1.7         1.6         2.0         2.1         2.5         2.8           Interest Cover Ratio         22         33         39         67         164         -         947,638           Debt/Equity         0.2         0.1         0.1         0.0         0.0         0.0           Cash Flow Statement         INTERMISION           YE March         FY14         FY15         FY16         FY17         FY18E         FY19E         FY00C           OP/(Loss) before Tax         2,613         3,552         4,028         5,096         5,298         6,228         7,190           Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         20         126         96 <th< td=""><td>Asset Turnover (x)</td><td>1.9</td><td>1.9</td><td>1.7</td><td>1.4</td><td>1.3</td><td>1.2</td><td>1.2</td></th<>	Asset Turnover (x)	1.9	1.9	1.7	1.4	1.3	1.2	1.2
Creditor (Days)         169         178         189         178         182         180         180           Working Cap. Turnover (Days)         54         62         55         69         47         63         65           Leverage Ratio (x)         Userage Ratio (x)         1.6         1.7         1.6         2.0         2.1         2.5         2.8           Interest Cover Ratio         22         33         39         67         164         -         947,638           Debt/Equity         0.2         0.1         0.1         0.1         0.0         0.0         0.0           Cash Flow Statement         "FY16" FY18" FY18E FY19E FY20E           OP/(Loss) before Tax         2,613         3,552         4,028         5,096         5,298         6,228         7,190           Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         -20         -126         96         72         30         0         0           Direct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Incl/Dec in WC <t< td=""><td>Inventory (Days)</td><td>126</td><td>124</td><td>124</td><td>136</td><td>125</td><td>120</td><td>120</td></t<>	Inventory (Days)	126	124	124	136	125	120	120
Working Cap. Turnover (Days)         54         62         55         69         47         63         65           Leverage Ratio (x)         Leverage Ratio (x)           Current Ratio         1.6         1.7         1.6         2.0         2.1         2.5         2.8           Interest Cover Ratio         22         33         39         67         164         -         947,638           Debt/Equity         0.2         0.1         0.1         0.1         0.0         0.0         0.0           Cash Flow Statement         FY16         FY17         FY18E         FY19E         FY20E           OP/(Loss) before Tax         2,613         3,552         4,028         5,096         5,298         6,228         7,190           Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         20         -126         96         72         30         0         0           Op/ricct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Inc)/Dec in WC         -81 <td>Debtor (Days)</td> <td>56</td> <td>69</td> <td>66</td> <td>65</td> <td>65</td> <td>65</td> <td>65</td>	Debtor (Days)	56	69	66	65	65	65	65
Current Ratio (x)   Current Ratio   1.6   1.7   1.6   2.0   2.1   2.5   2.8   Interest Cover Ratio   22   33   39   67   164   - 947,638   Debt/Equity   0.2   0.1   0.1   0.1   0.0   0.0   0.0   Cash Flow Statement   FY14   FY15   FY16   FY17   FY18E   FY20E   OP/(Loss) before Tax   2,613   3,552   4,028   5,096   5,298   6,228   7,190   Depreciation   316   498   543   730   805   912   1,019   Interest & Finance Charges   -20   -126   96   72   30   0   0   0   Direct Taxes Paid   -743   -1,195   -909   -1,035   -1,113   -1,308   -1,510   (Inc)/Dec in WC   -81   -971   187   -1,232   1,269   -1,691   -815   CF from Operations   2,084   1,759   3,945   3,632   6,290   4,141   5,884   (Inc)/dec in FA   -640   -1,685   -3,339   -1,499   -980   -2,033   -1,539   Free Cash Flow   1,548   156   732   2,753   5,309   2,108   4,345   (Pur)/Sale of Investments   -461   -1,412   -3,337   -2,328   -980   -2,033   -1,539   Issue of Shares   40   38   0   1   0   0   0   Dividend Paid   -115   -111   -96   -72   -30   0   0   Dividend Paid   -272   -300   -516   -671   -922   -1,090   -1,090   Dividend Paid   -272   -300   -516   -671   -922   -1,090   -1,090   Dividend Paid   -272   -300   -516   -671   -922   -1,090   -1,090   Dividend Paid   -272   -300   -516   -671   -922   -1,090   -1,090   Dividend From Fin. Activity   -1,451   -526   -515   -1,158   -1,782   -1,091   -1,091   Dipon Gash   -276   -96   -219   -766   -3,527   -1,017   -3,254   Depening Balance   161   437   341   560   1,326   4,853   5,871	Creditor (Days)	169	178	189	178	182	180	180
Current Ratio         1.6         1.7         1.6         2.0         2.1         2.5         2.8           Interest Cover Ratio         22         33         39         67         164         -         947,638           Debt/Equity         0.2         0.1         0.1         0.1         0.0         0.0         0.0           Cash Flow Statement         **INR Million**           Y/E March         FY14         FY15         FY16         FY17         FY18E         FY19E         FY20E           OP/(Loss) before Tax         2,613         3,552         4,028         5,096         5,298         6,228         7,190           Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         -20         -126         96         72         30         0         0         0         0           Direct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Interest & Finance Charges         -20         -126         96         72         30         0         0         0           Interest & Finance Charge	Working Cap. Turnover (Days)	54	62	55	69	47	63	65
Interest Cover Ratio   22   33   39   67   164   - 947,638   Debt/Equity   0.2   0.1   0.1   0.1   0.0   0	Leverage Ratio (x)							
Cash Flow Statement         (INR Million)           Y/E March         FY14         FY15         FY16         FY17         FY18E         FY19E         FY20E           OP/(Loss) before Tax         2,613         3,552         4,028         5,096         5,298         6,228         7,190           Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         -20         -126         96         72         30         0         0           Direct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Inc)/Dec in WC         -81         -971         187         -1,232         1,269         -1,691         -815           CF from Operations         2,084         1,759         3,945         3,632         6,290         4,141         5,884           Others         104         83         126         620         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           Others         1,548         1,54	Current Ratio	1.6	1.7	1.6	2.0	2.1	2.5	2.8
Cash Flow Statement         (INR Million)           Y/E March         FY14         FY15         FY16         FY17         FY18E         FY19E         FY20E           OP/(Loss) before Tax         2,613         3,552         4,028         5,096         5,298         6,228         7,190           Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         -20         -126         96         72         30         0         0           Direct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Inc)/Dec in WC         -81         -971         187         -1,232         1,269         -1,691         -815           CF from Operations         2,084         1,759         3,945         3,632         6,290         4,141         5,884           Others         104         83         126         620         0         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           (inc)/dec in FA	Interest Cover Ratio	22	33	39	67	164	-	947,638
V/E March         FY14         FY15         FY16         FY17         FY18E         FY19E         FY20E           OP/(Loss) before Tax         2,613         3,552         4,028         5,096         5,298         6,228         7,190           Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         -20         -126         96         72         30         0         0           Direct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Inc)/Dec in WC         -81         -971         187         -1,232         1,269         -1,691         -815           CF from Operations         2,084         1,759         3,945         3,632         6,290         4,141         5,884           Others         104         83         126         620         0         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           Others         1,548         156         732         2,753         5,309         <	Debt/Equity	0.2	0.1	0.1	0.1	0.0	0.0	0.0
V/E March         FY14         FY15         FY16         FY17         FY18E         FY19E         FY20E           OP/(Loss) before Tax         2,613         3,552         4,028         5,096         5,298         6,228         7,190           Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         -20         -126         96         72         30         0         0           Direct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Inc)/Dec in WC         -81         -971         187         -1,232         1,269         -1,691         -815           CF from Operations         2,084         1,759         3,945         3,632         6,290         4,141         5,884           Others         104         83         126         620         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           Others         1,548         156         732         2,753         5,309         2,108	Cash Flow Statement						(1	NR Million)
Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         -20         -126         96         72         30         0         0           Direct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Inc)/Dec in WC         -81         -971         187         -1,232         1,269         -1,691         -815           CF from Operations         2,084         1,759         3,945         3,632         6,290         4,141         5,884           Others         104         83         126         620         0         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           (inc)/dec in FA         -640         -1,685         -3,339         -1,499         -980         -2,033         -1,539           Free Cash Flow         1,548         156         732         2,753         5,309         2,108         4,345           (Pur)/Sale of Investments         0         0         0         0         0	Y/E March	FY14	FY15	FY16	FY17	FY18E		
Depreciation         316         498         543         730         805         912         1,019           Interest & Finance Charges         -20         -126         96         72         30         0         0           Direct Taxes Paid         -743         -1,195         -909         -1,035         -1,113         -1,308         -1,510           (Inc)/Dec in WC         -81         -971         187         -1,232         1,269         -1,691         -815           CF from Operations         2,084         1,759         3,945         3,632         6,290         4,141         5,884           Others         104         83         126         620         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           (inc)/dec in FA         -640         -1,685         -3,339         -1,499         -980         -2,033         -1,539           Free Cash Flow         1,548         156         732         2,753         5,309         2,108         4,345           (Pur)/Sale of Investments         0         0         0         0         0         0	OP/(Loss) before Tax	2,613	3,552	4,028	5,096	5,298	6,228	7,190
Interest & Finance Charges   -20   -126   96   72   30   0   0     Direct Taxes Paid   -743   -1,195   -909   -1,035   -1,113   -1,308   -1,510     (Inc)/Dec in WC   -81   -971   187   -1,232   1,269   -1,691   -815     CF from Operations   2,084   1,759   3,945   3,632   6,290   4,141   5,884     Others   104   83   126   620   0   0   0     CF from Operating incl EO   2,188   1,841   4,071   4,252   6,290   4,141   5,884     (inc)/dec in FA   -640   -1,685   -3,339   -1,499   -980   -2,033   -1,539     Free Cash Flow   1,548   156   732   2,753   5,309   2,108   4,345     (Pur)/Sale of Investments   0   0   0   0   0   0     Others   179   274   2   -829   0   0   0     Others   179   274   2   -829   0   0   0     Others   179   274   2   -829   0   0   0     Others   461   -1,412   -3,337   -2,328   -980   -2,033   -1,539     Issue of Shares   40   38   0   1   0   0   0     Inc/(Dec) in Debt   -1,097   -153   96   -415   -829   0   0     Interest Paid   -115   -111   -96   -72   -30   0   0     Dividend Paid   -272   -300   -516   -671   -922   -1,090   -1,090     Others   -7   0   0   -1   -1   -1   -1     CF from Fin. Activity   -1,451   -526   -515   -1,158   -1,782   -1,091   -1,091     Inc/Dec of Cash   276   -96   219   766   3,527   1,017   3,254     Opening Balance   161   437   341   560   1,326   4,853   5,871     Opening Balance   161   437   341   560   1,326   4,853   5,871     Opening Balance   161   437   341   560   1,326   4,853   5,871     Others   161   16	Depreciation	316	498	543				
(Inc)/Dec in WC         -81         -971         187         -1,232         1,269         -1,691         -815           CF from Operations         2,084         1,759         3,945         3,632         6,290         4,141         5,884           Others         104         83         126         620         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           (inc)/dec in FA         -640         -1,685         -3,339         -1,499         -980         -2,033         -1,539           Free Cash Flow         1,548         156         732         2,753         5,309         2,108         4,345           (Pur)/Sale of Investments         0 </td <td>Interest &amp; Finance Charges</td> <td>-20</td> <td>-126</td> <td>96</td> <td>72</td> <td>30</td> <td>0</td> <td></td>	Interest & Finance Charges	-20	-126	96	72	30	0	
(Inc)/Dec in WC         -81         -971         187         -1,232         1,269         -1,691         -815           CF from Operations         2,084         1,759         3,945         3,632         6,290         4,141         5,884           Others         104         83         126         620         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           (inc)/dec in FA         -640         -1,685         -3,339         -1,499         -980         -2,033         -1,539           Free Cash Flow         1,548         156         732         2,753         5,309         2,108         4,345           (Pur)/Sale of Investments         0 </td <td>Direct Taxes Paid</td> <td>-743</td> <td>-1,195</td> <td>-909</td> <td>-1,035</td> <td>-1,113</td> <td>-1,308</td> <td>-1,510</td>	Direct Taxes Paid	-743	-1,195	-909	-1,035	-1,113	-1,308	-1,510
Others         104         83         126         620         0         0         0           CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           (inc)/dec in FA         -640         -1,685         -3,339         -1,499         -980         -2,033         -1,539           Free Cash Flow         1,548         156         732         2,753         5,309         2,108         4,345           (Pur)/Sale of Investments         0         0         0         0         0         0         0         0           Others         179         274         2         -829         0         0         0           CF from Investments         -461         -1,412         -3,337         -2,328         -980         -2,033         -1,539           Issue of Shares         40         38         0         1         0         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Interest Paid         -115         -111         -96         -72         -30         0         0	(Inc)/Dec in WC	-81		187				
CF from Operating incl EO         2,188         1,841         4,071         4,252         6,290         4,141         5,884           (inc)/dec in FA         -640         -1,685         -3,339         -1,499         -980         -2,033         -1,539           Free Cash Flow         1,548         156         732         2,753         5,309         2,108         4,345           (Pur)/Sale of Investments         0 </td <td>CF from Operations</td> <td>2,084</td> <td>1,759</td> <td>3,945</td> <td>3,632</td> <td>6,290</td> <td>4,141</td> <td>5,884</td>	CF from Operations	2,084	1,759	3,945	3,632	6,290	4,141	5,884
(inc)/dec in FA         -640         -1,685         -3,339         -1,499         -980         -2,033         -1,539           Free Cash Flow         1,548         156         732         2,753         5,309         2,108         4,345           (Pur)/Sale of Investments         0         0         0         0         0         0         0         0           Others         179         274         2         -829         0         0         0           CF from Investments         -461         -1,412         -3,337         -2,328         -980         -2,033         -1,539           Issue of Shares         40         38         0         1         0         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Inc/(Dec) in Debt         -2,097         -153         96         -72         -30         0         0	Others	104	83	126	620	0	0	0
Free Cash Flow         1,548         156         732         2,753         5,309         2,108         4,345           (Pur)/Sale of Investments         0         0         0         0         0         0         0         0           Others         179         274         2         -829         0         0         0           CF from Investments         -461         -1,412         -3,337         -2,328         -980         -2,033         -1,539           Issue of Shares         40         38         0         1         0         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Interest Paid         -115         -111         -96         -72         -30         0         0           Dividend Paid         -272         -300         -516         -671         -922         -1,090         -1,090           Others         -7         0         0         -1         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091	CF from Operating incl EO	2,188	1,841	4,071	4,252	6,290	4,141	5,884
(Pur)/Sale of Investments         0         0         0         0         0         0         0           Others         179         274         2         -829         0         0         0           CF from Investments         -461         -1,412         -3,337         -2,328         -980         -2,033         -1,539           Issue of Shares         40         38         0         1         0         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Interest Paid         -115         -111         -96         -72         -30         0         0           Dividend Paid         -272         -300         -516         -671         -922         -1,090         -1,090           Others         -7         0         0         -1         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Openi	(inc)/dec in FA	-640	-1,685	-3,339	-1,499	-980	-2,033	-1,539
Others         179         274         2         -829         0         0         0           CF from Investments         -461         -1,412         -3,337         -2,328         -980         -2,033         -1,539           Issue of Shares         40         38         0         1         0         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Interest Paid         -115         -111         -96         -72         -30         0         0           Dividend Paid         -272         -300         -516         -671         -922         -1,090         -1,090           Others         -7         0         0         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	Free Cash Flow	1,548	156	732	2,753	5,309	2,108	4,345
CF from Investments         -461         -1,412         -3,337         -2,328         -980         -2,033         -1,539           Issue of Shares         40         38         0         1         0         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Interest Paid         -115         -111         -96         -72         -30         0         0           Dividend Paid         -272         -300         -516         -671         -922         -1,090         -1,090           Others         -7         0         0         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	(Pur)/Sale of Investments	0	0	0	0	0	0	0
Issue of Shares         40         38         0         1         0         0         0           Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Interest Paid         -115         -111         -96         -72         -30         0         0           Dividend Paid         -272         -300         -516         -671         -922         -1,090         -1,090           Others         -7         0         0         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	Others	179	274	2	-829	0	0	0
Inc/(Dec) in Debt         -1,097         -153         96         -415         -829         0         0           Interest Paid         -115         -111         -96         -72         -30         0         0           Dividend Paid         -272         -300         -516         -671         -922         -1,090         -1,090           Others         -7         0         0         -1         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	CF from Investments	-461	-1,412	-3,337	-2,328	-980	-2,033	-1,539
Interest Paid         -115         -111         -96         -72         -30         0         0           Dividend Paid         -272         -300         -516         -671         -922         -1,090         -1,090           Others         -7         0         0         -1         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	Issue of Shares	40	38	0	1	0	0	0
Interest Paid         -115         -111         -96         -72         -30         0         0           Dividend Paid         -272         -300         -516         -671         -922         -1,090         -1,090           Others         -7         0         0         -1         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	Inc/(Dec) in Debt	-1,097	-153	96	-415	-829	0	0
Others         -7         0         0         -1         -1         -1         -1         -1           CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	Interest Paid	-115	-111	-96	-72	-30	0	0
CF from Fin. Activity         -1,451         -526         -515         -1,158         -1,782         -1,091         -1,091           Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	Dividend Paid	-272	-300	-516	-671	-922	-1,090	-1,090
Inc/Dec of Cash         276         -96         219         766         3,527         1,017         3,254           Opening Balance         161         437         341         560         1,326         4,853         5,871	Others	-7	0	0	-1	-1	-1	-1
Opening Balance         161         437         341         560         1,326         4,853         5,871	CF from Fin. Activity	-1,451	-526	-515	-1,158	-1,782	-1,091	-1,091
	Inc/Dec of Cash	276	-96	219	766	3,527	1,017	3,254
Closing Balance 437 341 560 1,326 4,853 5,871 9,125	Opening Balance	161	437	341	560	1,326	4,853	5,871
	Closing Balance	437	341	560	1,326		5,871	9,125

# **Corporate profile**

# **Company description**

Mr. Piyush Singhal founded PI Industries in 1947 as Mewar Oil and General Mills Limited, which was predominantly into edible oils business. A decade later, the company started selling agro-chemicals. The name was changed to PI Industries in 1990s. PI has two business activities: (a) Domestic Agri Inputs offering plant protection products, and specialty plant nutrient products and solutions, (b) Custom Synthesis & Manufacturing (CSM) for contract research and production of agro-chemicals, intermediates and other niche fine chemicals for global innovators.



Feb-17

Source: MOSL/Bloomberg

Aug-17

May-17

## Exhibit 2: Shareholding pattern (%)

	Jun-17	Mar-17	Jun-16
Promoter	51.6	51.6	51.7
DII	15.8	13.6	13.0
FII	18.4	21.9	22.1
Others	14.3	13.0	13.2

Note: FII Includes depository receipts Source: Capitaline

## **Exhibit 3: Top holders**

Aug-16

Nov-16

Holder Name	% Holding
Cartica Capital Ltd.	5.0
ICICI Prudential Balanced Advatage Fund	4.7
SBI Magnum Global Fund	3.9
Axis Mutual Fund Trustee Ltd. A/c Axis Mutual Fund A/c Axis Long Term Equity Fund	3.6
Small Cap World Fund, Inc	1.9

Source: Capitaline

# **Exhibit 4: Top management**

Name	Designation
Narayan K Seshadri	Chairman (Non- Executive)
Salil Singhal	Chairman Emeritus
Mayank Singhal	Managing Director & CEO
Naresh Kapoor	Company Secretary

# **Exhibit 5: Directors**

Name	Name
Pravin K Laheri	Ramani Narula
Rajnish Sarna	Arvind Singhal
Ravi Narain	

\*Independent

Source: Capitaline

Exhibit 6: Auditors			
Name	Туре		
K G Goyal & Co	Cost Auditor		
KPMG	Internal		
R S Bhatia	Secretarial Audit		
S S Kothari Mehta & Co	Statutory		

Source: Capitaline

Exhibit 7:			
EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	30.4	34.2	-11.1
FY19	35.8	39.7	-9.8
FY20	41.3	44.4	-7.0

Source: Bloomberg

# NOTES

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