

## PI Industries Limited

<b>Recommendation</b>	<b>Buy</b>
<b>CMP</b>	<b>3758</b>
<b>Target Price</b>	<b>4750</b>
<b>Time Frame</b>	<b>15-18 months</b>
<b>Risk</b>	<b>Medium</b>
<b>Sector</b>	<b>Pesticides &amp; Agrochemicals</b>

## Price & Ratio Analysis

% Change from previous Day	<b>3.00%</b>
% Change from previous Month	<b>10.49%</b>
52 Week High/ Low	<b>4011-2869</b>
Market Cap (Rs. CR)	<b>56,984</b>
Book Value / Share	<b>526</b>
% of Deliverable Qty to Traded Qty	<b>47.00%</b>
EPS	<b>98.33</b>
ROCE	<b>18.92%</b>
P/E	<b>38.10</b>

## Company Description

Incorporated in 1947, PI Industries Limited (earlier Pesticides India) is a fast growing agri-sciences company with strong presence in both domestic and export market, specializing and manufacturing plant protection & specialty plant nutrient products and solutions under its agri-inputs business.

The company has a strong product portfolio because of exclusive tie-ups with leading agro-chemical, pharmaceutical and fine chemical companies around the World. It is also one of India's leading custom synthesis (CSM) companies engaged in providing contract research and contract manufacturing services to global innovators. The CSM exports business contributes about 80% of the company's revenues which contributes about 80% of the company's revenues.

## Support, Resistance & Trend Analysis

Support	<b>3450/3201</b>
Resistance	<b>4050/5000</b>
Moving Average 50 days/200 days	<b>3513/3451</b>
Pivot Level	<b>3201</b>
ADX (14d)	<b>21</b>
Bollinger Band (Weekly)	<b>3324/3877</b>
MACD Weekly	<b>42.81</b>
RSI (14, E9) Monthly	<b>86.41</b>
Stochastic oscillator monthly (1,3,3)	<b>24.62</b>

## Technical Analysis

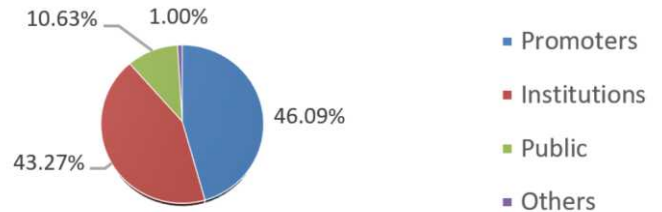
Technically, brace yourselves with the sequence of a higher high/low formation on the daily/weekly and monthly time frames + a classic monthly Flag pattern breakout pattern which indicates the uptrend seems quite sustainable. The price is seen comfortably trading above its 21, 50 and 200-day moving average and most importantly is just signalling a massive breakout on the long-term charts.

The general rule is if a stock is trading above its 200-DMA, the trend is largely upward. An impulse uptrend is seen forming on the daily/weekly time scale with positive SAR series.

Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signalling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 3475-3500 zone. The level of 3500 zone will act as a strong support zone.

Look to accumulate at CMP, and on dips between 3450-3500 zone, targeting 4050/4375 and then aggressive 15-18 months targets at 4750 with stop below 3159.

## Shareholding Pattern



## Quarterly Result

Rs. Crs	Q2FY24	Q2FY23	Q1FY24	Y-o-Y %	Q-o-Q %
Net Sales	2,117.0	1,770.0	1,910.0	19.6%	10.8%
EBIT	520	409	440	27.1%	18.2%
EBIT Margin (%)	24.6%	23.1%	23.0%	1.4	1.7
EBITDA	600.0	465.0	519.0	29.0%	15.6%
EBITDA Margin (%)	28.3%	26.3%	27.2%	207.1	116.9
Net Profit	480	335	383	43.3%	25.3%
Net Profit Margin	22.7%	18.9%	20.1%	374.7	262.1
EPS (Rs.)	31.67	22.07	25.24	106.66	16.36

## Peer Comparison

Company	PI IND	UPL	SUMITOMO CHEM	BAYER CROP	FINE ORGANIC
CMP	<b>3758</b>	<b>566</b>	<b>388</b>	<b>5272</b>	<b>4255</b>
Market Cap (Rs. CR)	<b>56984</b>	<b>42476</b>	<b>19379</b>	<b>23695</b>	<b>13047</b>
TTM PE	<b>38.12</b>	<b>22.88</b>	<b>52.69</b>	<b>28.06</b>	<b>28</b>
P/B	9.32	1.48	10.06	8.74	13.6
ROE (%)	17.07	13.29	21.08	27.95	40
Dividend Yield					
Net Profit (Rs.)	1222	4257	502	758	619
Debt to Equity	0	0.86%	0	0	0.02
DIV YIELD%	<b>0.27%</b>	<b>1.77%</b>	<b>0.31%</b>	<b>2.47%</b>	<b>0.21%</b>
NP Qtr Rs. Cr	<b>481</b>	<b>-293</b>	<b>144</b>	<b>223.00</b>	<b>103.00</b>

## Chart



## Valuation & Outlook

The management expects the outlook to remain positive as it targets achieving 18-20 percent revenue growth with continued improvement in margins and returns going ahead.

The company currently operates three formulation and two manufacturing facilities as well as five multi-product plants across Gujarat and Jammu, and one R&D unit in Rajasthan at Udaipur. PI Industries now commands a market cap of Rs 56,538 Crores.

PI Industries revenue rose 20% year-on-year (YoY) to Rs 2,116 crore in Q2FY24 driven by agro-chemical exports. Net profit, too, jumped 44 percent YoY to Rs 480 crore in the September-ended quarter.

The operating level, EBITDA jumped 27.7% to ₹551.5 crore in the second quarter of this fiscal over ₹431.9 crore in the corresponding period in the previous fiscal. EBITDA margin stood at 26.1% in the reporting quarter as compared to 24.4% in the corresponding period in the previous fiscal.

PI Industries reported 22% growth in agchem exports driven by volume growth of 21% and 1% from price, currency, and favourable product mix. Pharma contributed export revenue of ₹71.9 crore i.e. 6% of total export revenue growth.

The firm just announced the acquisition of a contract development and manufacturing organisation (CDMO) and active pharmaceutical ingredient (API) maker. The Street is bullish on the acquisitions as the valuations are attractive and would be earnings accretive for the company.

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## Mehta Equities Ltd

903, 9th Floor, Lodha Supremus, Dr. E. Moses Road,  
Adjacent to Konark Empress Building,  
Worli Naka, Worli, Mumbai - 400018

info@mehtagroup.in

For Grievances

grievance@mehtagroup.in

T : +91 22 61507101

F : +91 22 61507102

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Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli, Mumbai 400 018, India

Tel: +91 22 6150 7101, Fax: +91 22 6150 7102

Email: info@mehtagroup.in, Website: www.mehtagroup.in

Compliance Officer: Prakash Joshi

Email Id: compliance@mehtagroup.in

Phone No +91 22 61507180

For grievance redressal contact Customer Care Team Email: help.kyc@mehtagroup.in Phone: + 91 22 61507154.