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Dear Sir/Madam,

Sub: Transcript of the Earnings Conference call pertaining to the unaudited financial results for the quarter and half year ended September, 2024

Pursuant to the provisions of Regulations 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing herewith the transcript of Earnings Conference call held on **Thursday, November 14, 2024** at **2:00 PM (IST)**, to discuss the unaudited standalone and consolidated financial results of the Company for the quarter and half year ended September, 30 2024.

Further, please note that the said transcript is also made available on the Company's website at <https://www.piindustries.com/investor-relations/co-go/Concal-Transcript>.

This is for your information and record please.

Thanking you,

Yours faithfully,
For **PI Industries Limited**

Sonal Tiwari
Company Secretary
ACS: 16638

Encl: As above



PI Industries Limited

Q2 & H1 FY25 Earnings Conference Call Transcript

November 14, 2024

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Q2 & H1 FY25 Earnings Conference Call of PI Industries Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nishid Solanki from CDR India. Thank you and over to you.

Nishid Solanki: Thank you. Good afternoon, everyone and thank you for joining us on PI Industries' Q2 FY25 Earnings Conference Call.

Today, we are joined by senior members of the management team, including:

- Mr. Mayank Singhal – Executive Vice Chairman and Managing Director
- Mr. Rajnish Sarna – Joint Managing Director
- Mr. Sanjay Agarwal – Group Chief Financial Officer and Head – Strategy and Integrated Development Cell
- Mr. Prashant Hegde – CEO, Domestic, and
- Dr. Ramesh Subramaniam, Global CEO, PI Health Sciences

We will begin the call with “Key Perspectives from Mr. Singhal,” thereafter, we will have “Mr. Agarwal sharing his views on the Company's financial performance,” after that, the forum will be open for “Question-and-Answer Session.”

Before we begin, I would like to underline that certain statements made on today's conference call may be forward-looking in nature and a disclaimer to this effect has been included in the “Investor Presentation” shared with you earlier and also available on stock exchange websites.

Please note that some of the management team members are travelling and hence joined through mobile connection. So, please excuse any audio quality issues you may encounter.

I would now like to request “Mr. Singhal to share his perspectives.” Thank you and over to you, Sir.

Mayank Singhal:

Yes. Thank you, Nishid. Thank you and good afternoon to all of you. A very warm welcome to our call to review PI's performance for the 2nd quarter and first half of FY25.

I will start by providing a perspective on the current state of the global and local industry, an update of our operational progress and highlights and strategic milestones that we are working towards.

The global crop protection industry is currently navigating the challenging landscape, influenced by fluctuating agricultural markets, commodity prices, destocking, general product pricing pressure, rising inflation and deferring purchase decisions and so on.

On the domestic side, delayed and erratic rainfalls impacting sowing natures of many crops, price pressures of generic channel inventories have also impacted the overall demand scenario and sentiments of kharif seed.

PI, on the other hand, has shown resilience despite the generally moderate industry sentiments. We have once again achieved strong financial results for the quarter in H1 consistent with our plans.

During Q2, we have delivered a 10% increase in AgChem exports, driven by volume growth and growth of new products. New products have shown a 42% increase year-on-year. In the domestic business, we saw 7% improvement in branded products where volume growth was sustained at 12% with the impact on pricing seen across the industry. However, given our emphasis on product mix and optimization of working capital management, the impact has been mitigated.

I wish to highlight that our biologicals portfolio has delivered robust 18% growth year-on-year. We have seen enhanced profitability and margins in line with the product mix decisions, contribution from biologicals. As a leading player in the AgChem sector, we are confident in our capacity to enhance engagement with innovators, driven by ongoing commitment, improving key technologies and chemistries.

Our focus on high-end projects has led to collaboration with top innovators for the commercialization of advanced molecules. Additionally, as previously mentioned, the pace of these commercialization has increased in line with our investments in research and new technologies.

On the domestic front, the business model is aligned for introducing new brands especially in high value crop pest segments and biologicals. During the first half, we saw four new brands launched, these were PRESSEDO® that is a novel broad-spectrum insecticide, DORITO® which again is a broad-spectrum insecticide with cotton and brinjal, OSHEEN ULTRA® a superior formulation for sucking pest control and SOLJU, which is a microbial biofertilizer.

H2 will see a couple of more brands getting introduced. There is an equally attractive runway of growth available in the domestic business where we have demonstratively superior product pipeline. We are present in high potential category within agchem, horticulture products and biologicals which will underwrite margin-led growth in the years to come.

PI has a history of setting industry-leading outcomes. Our relationship with big global innovators is strong and consequentially the pace of six to seven molecule getting commercialized, will be maintained. Molecules that have been commercialized in recent years are gaining scale, driving a runway of sustainable growth. I am confident

that the next batch of molecules shall maintain these level of traction and enhance our mix in the periods to come.

The pace of the enquiries are healthy and more than 50% coming from non-agchem side are for innovator products. The work we have done in advanced research, new chemistries, technologies is aiding this trend.

We have seen a recovery of our domestic revenue in the second quarter. Several high performing brands getting established in key crop segments and horticultural areas. The recent initiatives on the biological front will further strengthen foothold in an upcoming growth era for us. PI has a sterling record of execution and with a strong balance sheet in place, is placed very comfortably to continue delivering as per plan, adjusting on such temporary industry level disturbances.

We have finalized the acquisition of Plant Health Care, following the successful completion of all legal and regulatory requirements, as planned. This business boasts top-tier expertise, products and intellectual property within protein and peptide platforms for agri-biologicals. It has experienced considerable success in the commercialization of peptide products. Both current and pipeline offerings present substantial growth potential and we plan to advance development efforts to continue to introduce this innovative class of biological solutions at a global scale.

Our pharma vertical is shaping up well and upgrade is underway in core infrastructure and business development capabilities. We have been seeding investments with a view to having an integrated CRDMO for global innovators. We are building leadership strength in the US, Italy and Hyderabad both in business development and scientific areas. I am very happy to say that this is going to drive the business into the future.

During the first half, we have seen revenues remain impacted due to high inventories with innovators. We expect order visibility to translate into a healthy runrate in H2.

Initiatives for upgrading capabilities are progressing well and in the coming years this venture shall see strong momentum in growth and scale. Hyderabad R&D facility has commenced operations whereas the upgrades to the Italy facility are expected to be completed soon.

We have continued our efforts and initiatives to keep improving our ESG performance which is reflected in the recent upgrade of S&P Global CSA ranking to the 97th percentile. This reflects our vision of reimagining a healthier planet. This also puts us in the S&P Global Sustainability Yearbook 2024 as a part of select group of companies from India who made it to this list.

Considering the current global industry scenario, we are re-aligning the overall outlook to high single digit growth for now and We will keep updating this as the industry passes through this transient phase.

Growth in the second half of the year will be driven by demand scale-up in new products launched in the past 3 years. Capacity expansion is on track, as is the momentum in new enquiries.

I would now like to conclude my remarks and hand it over to Sanjay to move forward with the conversation and thank you once again for being with us. Thank you and over to you, Sanjay.

Sanjay Agarwal:

Thank you, Mr. Singhal. Good afternoon, friends whoever are there on the call today.

I will summarize the Company's financial highlights for the second quarter ended September 30th, 2024. Please note that all the comparisons are on year-on-year basis, and we are referring to consolidated performance.

As Mr. Singhal has shared, our performance demonstrates a differentiated approach to doing business and a sharp focus on keeping operating parameters in line with the objectives.

To share the specific highlights, during Q2, we reported a revenue of Rs. 22,210 million, a growth of 5% over the same period of last year, which also translates into a three-year Q2 of CAGR of 18%. Export revenues grew by 8% at Rs. 17,610 million and a 5% decline in domestic revenue to Rs. 4,600 million, while the revenue of the branded products grew by 7%, volume growth was 12%. There's been also a healthy expansion in the gross margin by 519 bps to 52% and EBITDA has increased by 14% and stands at 28%. Profit after tax increased by 6% to Rs. 5,082 million, primarily attributable to the EBITDA growth in spite of an increase in ETR to 23%.

Let me also cover the YTD performance which is for half year FY25. Revenue was Rs. 42,899 million, a growth of 7% over the same period last year, again translating into a three-year H1 CAGR of 19%. Export revenue grew by 10% to Rs. 35,104 million and a 6% decline in domestic revenue to Rs. 7,795 million, while the branded products grew by 3%, there's a volume increase of 9%. So, overall, the expanded gross margin and EBITDA stand at 52% and 28% respectively and profit after tax for the half year increased by 11% to Rs. 9,571 million, ETR for the past six months YTD has been at 22.1%. We expect the ETR for the full financial year FY25 to be in the range of 22% to 23%. Cash flow from operating activities also increased by 20% to Rs. 8,006 million. This was due to higher EBITDA and efficient working capital management. The trade working capital days in terms of days of sales has improved from 84 days to 70 days. Similarly, better inventory management has led to a reduction in inventory days from 63 days to 50 days.

In terms of the balance sheet, as you would have noticed, the balance sheet has been further strengthened during this quarter. Our net worth has increased to Rs. 95,454 million as of 30th September and a healthy net cash balance of Rs. 39,227 million.

With this, I conclude my opening commentary. I now request the moderator to open the forum for Q&A. Thank you.

Moderator: We will now begin the question-and-answer session. We'll take our first question from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: First question is on the pharma business here. We have been seeing pretty soft revenues. If we leave out the one-time expenses that we incur in this quarter, but otherwise also the margins have been keeping low. Just trying to understand your thoughts in terms of the volume, whether there's a volumetric decline as well or it is largely pricing and the trajectory going right over there?

Rajnish Sarna: Thanks, Ankur. The key reason for softness is the slow offtake of some of these products due to inventory at the innovators level, that has also impacted the overall margin profile as you see. The other reason is that one of our customers has filed Chapter 11 in this quarter, and some inventory which was meant for them, we have not supplied and that has also impacted this quarter's projected revenues and the margin, as the development spend is continuing. I hope this answers your question.

- Ankur Periwal:** Just a follow up there. From a volumetric perspective, is there a significant decline in terms of volumes as well what we see in the revenues and how do you see that picking up?
- Rajnish Sarna:** Yes, so for H1, there is certainly volume reduction, but we are expecting the volume to pick up in the third and fourth quarters.
- Ankur Periwal:** Second question is on our guidance wherein now we are expecting a high single digit number versus let us say a 15% sort of a growth earlier. What is driving this guidance revision -- is it the domestic AgChem business which has declined year-on-year in H1 or the pharma or CSM or all of them?
- Rajnish Sarna:** In any case, as you know, pharma doesn't contribute significantly to the overall PI's revenue as of now. So, this realignment in growth guidance is done in view of the global industry scenario we are seeing. We are also experiencing that, at least for the short term, global companies are in a wait-and-watch situation and are critically monitoring inventory levels. You must also be reading the commentaries of these global companies as they are closely monitoring the working capital levels and deferring their procurement decision. So, in view of this transient phase, we have also realigned our growth guidance for FY25, which we were earlier projecting in double digits; we now see that we should certainly be aiming for higher single-digit or near double-digit kind of levels.
- Ankur Periwal:** Just a clarification here. So, when you say deferment in the short term, essentially, we are referring to the entire H2 then, right, because this is a peak season from a business perspective for us, so any deferral here is going to, the recovery will be further back-ended in FY26, is that the right way to look at it?
- Rajnish Sarna:** Well, I will not at this point comment on mid to long-term because, as I said in the beginning, this is kind of a wait-and-watch situation at this point. But yes, we are clearly able to see the next two quarters scheduling and believe that we should be touching higher single digit or near double digit kind of growth in FY25.
- Moderator:** We will take our next question from the line of Vivek Rajamani from Morgan Stanley. Please go ahead.
- Vivek Rajamani:** Just to kind of go back to the previous question, you have mentioned that you are facing these inventory issues. Just wanted to check if these issues are actually more focused on your legacy portfolio? And given that you were actually reporting very strong volume numbers for the past many quarters, I just wanted to understand that's actually what has caused a bit of an inventory pile up? And just wanted to get your assessment in terms of how severe you think this could be a bit of an extension of the previous question?
- Rajnish Sarna:** Yes, this is certainly pertaining to some of our existing products, because for the new products, we have registered an impressive growth of close to 42% in this quarter. If you also see that in the same period, last year and before last year, we have grown at a very decent pace, 20%-plus in H1FY24 and 30% plus in H1FY23. So, yes, some of these existing products are witnessing higher inventory at customer and channel level and given the overall industry scenario and general pressure on these companies to rationalise their working capital, etc., they are kind of slowing down their fresh procurements. For the new product, I think those are doing well, which is also reflecting in year-on-year growth rate.
- Vivek Rajamani:** The second question I had is a bit of a two-part question on the margins. Again, the margin trajectory has been very strong. So, just wanted to understand, how much of this is actually coming from the newer products? So, if you could just give us some

sense of how much these new products are making up of your overall export portfolio, and just how different are the margin profiles compared to say your legacy portfolio?

Rajnish Sarna: Well, new products account for anywhere between 16% to 18% and this depends on the quarter that we reviewing. The margin profile is generally similar and not significantly different. Yes, in the case of new products, we keep improving the processes as we produce campaign-after-campaign, and therefore some margin improvement is always there, which is also shared with our customers.

Moderator: We will take our next question from the line of Madhav Marda from Fidelity International. Please go ahead.

Madhav Marda: My first question is about the margin profile. If I look at PI's longer-term history, generally gross margins for us have been about 45% to 46%. In the last two or three quarters the number obviously has moved up to a very healthy 52% to 53%, which is helping EBITDA margins as well. Just could you give us some sense in terms of sustainability of these EBITDA margins for the Company on a longer-term basis -- is it a product mix or domestic a bit weaker why the margins are a bit better for us, could you help us understand something there?

Rajnish Sarna: This is mainly on account of favourable product mix in our export domestic portfolio wherein we commercialized and introduced a lot of new products including biologicals. So, yes, the product mix has been favorable for us over the last few quarters and that is certainly driving this margin improvement that we are witnessing both in terms of gross margin, in terms of EBITDA margin.

Madhav Marda: Is that sustainable or once some other parts of the business probably come back, of course there is some parts of the portfolio where growth is a bit slower because of challenges which you highlighted, so once that comes back, do we see like better revenue growth but with more normalized margins in line with historical or is this like a new margins for the Company?

Rajnish Sarna: We consider 26-27% margin to be sustainable, particularly for the core business that we are talking about here. It would, however, take us some time to scale up and achieve a similar kind of margin profile for the new businesses that we have invested, e.g. , health science and global biological business.

Moderator: We will take our next question from the line of Abhijit Akella from Kotak Institutional Equities. Please go ahead.

Abhijit Akella: Sir, if you could please just help us understand of this high single digit revenue growth guidance for fiscal 2025, what sort of expectation do we have for the Agrochemicals, CSM business in particular, and then maybe any of the other lines as well?

Rajnish Sarna: Can you please explain a bit because I couldn't get your question.

Abhijit Akella: So, I mean high single digit guidance, I presume is for the overall company level. So, within that, for the Agrochem, CSM business in particular, is there some sort of range we can offer as a guidance range?

Rajnish Sarna: As you know that we have done reasonably well in terms of our exports; we have grown by almost 10-11% in the first half. The domestic branded business was relatively skewed but given the positives on water levels in reservoirs, the prospects of Rabi are reasonably good and we believe that we should be doing well in our

domestic branded business, a low double-digit kind of growth in H2. On the export side, we expect to do higher single-digit kind of growth in H2. So, on a blended basis, we should be reaching close to higher single digit or near double digit kind of growth in full year FY25.

Abhijit Akella: Just to clarify these numbers, you mentioned early double digits for domestic and high single digit for exports, this is for the second half only or for the full year?

Rajnish Sarna: Since you asked me for the second half, I was trying to explain to you for second half, and on full year basis this will result into higher single digit. This is our current estimate.

Abhijit Akella: One is the other income seems rather on the higher side. So, what exactly has contributed to that and how sustainable is that? And also, just on the revenues from new products, it is 16% to 18%, that pertain only to the CSM business, right? that 16% to 20% of CSM revenues is what we're seeing, just to clarify that?

Sanjay Agarwal: Also, the other income, this primarily has gone up due to interest earned on higher cash balance. So, if you see this year, we have Rs. 3,922 crore versus Rs. 2,890 crore last year. So, the base of the cash balance what we have has gone up say by around 25%. So, that has led to higher interest income and then there are small one-off gains primarily due to some favorable orders we had received on tax litigation. So, that has broadly added up to the other income increase.

Abhijit Akella: So, the one-off items, is it possible to just split out how much that might have been?

Sanjay Agarwal: That won't be that significant. Primarily, as I said, it is because of the higher cash balance, what we have, which is more on a consistent basis.

Moderator: We will take our next question from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj: Sir, first question is again delving on to the CSM part of the business. So, given that probably our customers, innovators would have finalized the volumes for 2025, so how do we have a visibility on our legacy products and new products from a calendar year 2025 perspective, although you have given largely for the second half, but just to be a little bit on a broader perspective for 2025?

Rajnish Sarna: Well, it is a bit early to project particularly since companies are in a wait and watch kind mode. While for many products, there is a clear indication and longer-term understanding is there, it would take some time for these companies assess the overall situation to finalise supply schedules for 2025. So, we will be able to get a clear picture in the next 1-2 quarters.

Rohit Nagraj: Second question is, usually we give our order book which is missing during this particular quarter in the presentation. So, is it because like the way you answered the earlier question in terms of the visibility that we have, or there is some order book which has probably got dissipated because of the impending issues? Just your thoughts on the same.

Rajnish Sarna: Since there is no significant change in the order book, it is not figuring in our communication, but yes, we still maintain a \$1.4 to \$1.45 billion order book position as of now.

Moderator: We will take our next question from the line of Kalpit Narvekar from EFG Asset Management. Please go ahead.

- Kalpita Narvekar:** So, my question was that the new molecule growth for this quarter has been 45% on about 18% of your business, right? So, that may be like contributing 8% of the total growth and the total growth was like 10%. So, that kind of tells that your old legacy molecules are probably growing at like 2% to 4%. So, could you just elaborate on why that legacy molecule growth has kind of slowed a little bit?
- Rajnish Sarna:** Yes, that's what I was saying that some of our old legacy molecules have grown slower, whereas the newly commercialized molecules in the last three years have grown at a much higher rate. So, yes, this is the kind of change we see. We are very aggressively introducing new molecules. This year itself, we will be commercializing 6-7 products for exports; have already commercialised four products in the first half. And on the other hand, the growth of these newly commercialized products is higher on a lower base.
- Kalpita Narvekar:** My second question was on the second half outlook that you mentioned, right, that you expect kind of high single-digit growth for the AgChem exports, but that growth was like 10-11% for first half and the other way around for the domestic, right, so essentially, we are seeing some softness on the AgChem export side, right. So, what are the key reasons of that kind of slow down, sometimes 11% to high single digit levels or AgChem exports for the second half, is it more because of the industry that the destocking with how it is coming to an end and maybe it is not or is it from competition just to get some views on that, right?
- Rajnish Sarna:** Yes, as I explained earlier, it is mainly because of inventory levels and the initiatives of these global companies to bring down their overall working capital investments, exposures, etc.
- Kalpita Narvekar:** And just any kind of visibility on like when it can potentially, by when the inventory is going to normalize or it is still too early to kind of call out on that?
- Rajnish Sarna:** Well, I would say we get different kinds of indications. Some indications suggest another 2-3 quarters before this whole thing is normalized. We also witnessed some very interesting scenarios where we were indicated that there was a slowdown in specific product requirements, and then suddenly, two months later, we are air shipping products due to urgent requirements. So, you can imagine, there are different kinds of scenarios here and this is the reason I believe this is more a wait-and-watch kind of a situation, a transient situation because business fundamentals remain strong given the growing population, increasing climate change impacts and growing food security concerns. We are also not seeing acreages going down. So, demand in mid to long term is going to normalise. It is only a temporary phenomenon because of generic pricing pressure, commodity price corrections and destocking in some of these markets that it is reflecting on overall market sentiments at this point, but we believe that in the next few quarters, these things should get normalised to a great extent.
- Moderator:** Next question is from the line of Aditya Jhawar from Investec. Please go ahead.
- Aditya Jhawar:** Just one question. What has been the pricing trend for some of our key older products -- are we seeing any change in that?
- Rajnish Sarna:** I would say reasonably stable pricing. Of course, wherever there is some softening of raw material prices, that have reflected in the selling prices. But if your question was more about our exports of existing molecules, yes, it was reasonably stable.
- Aditya Jhawar:** You explained well about the inventory buildup, but sorry to harp on the same topic. So, clearly, I mean since we cater to the innovators, the supply is fairly curtailed in that sense. Now, are we seeing a situation on the ground where some of the products

are seeing an increase in competition, are we seeing shift towards the generic maybe downgrading because some of the generic companies have reported a strong volume growth? Any specific thing that you would like to call out on product-specific issues?

Rajnish Sarna: Well, so far we have not seen that sort of a scenario that some of these product volumes are getting curtailed due to genericization. In fact, we have also not seen a great financial performance coming from many of these generic companies. So, I am not sure what kind of generic company performance you are indicating.

Mayank Singhal: I want to highlight that we may also need to look at the base from last year while showing growth. Whatever the growth, please look at the drop in the base from what we had last year and then you can probably get a better sense.

Rajnish Sarna: This is what I was also explaining earlier that last year same quarter we grew by 24%, before last year around 30%, even first half if you see last year we grew by 22% and before last year almost 30%. So, the point being made is the high base built over a period of time.

Aditya Jhawar: So, final question. So, could you please remind us of which are the key markets for our main products where registration process is still ongoing? We are yet to launch in some of the major markets.

Mayank Singhal: For which product are you referring?

Aditya Jhawar: Our biggest product Pyroxasulfone which are the key markets where the registration process is still.

Rajnish Sarna: We will not be in a position to comment, yes.

Mayank Singhal: Because these registrations are generally taken up by the innovator, not by us.

Aditya Jhawar: Right. But there is geotagging also for our location. So, last time I think I remember you indicated about markets and just wanted to get an update on that, I will take it offline and final question on any change in CAPEX outlook considering changed situation.

Mayank Singhal: No, we are going with the same plan, Rs. 800 crore to Rs. 900 crore this year. That is the plan.

Moderator: Thank you. We will take our next question from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Thanks. On the pharma business, Sir, what is the outlook for the business from here on and from the time you acquired the business, what has not really played out to plan?

Rajnish Sarna: So, the outlook I already explained to the earlier participants that we are seeing volume uptick from second half. This is what the current assessment is. In terms of your second question that what has not played, so I will say I do not see anything that has not played because we always maintain that we are acquiring these companies to build this CRDMO platform. A lot of development effort will be there, and which is what we are currently doing, whether it is upgradation of the research and manufacturing facilities that we have got with these acquired entities or whether building leadership team both on the research side as well as on the business development side, building new clients, product pipeline, etc. So, a lot of

development is happening. I would also request that Ramesh, my colleague, shed some light on this. Ramesh, you are there?

Ramesh S.: So, as Rajnish pointed out, what we focus on is to have the right people in the team. We have now almost fully staffed based on the business side and on the scientific side. And the second part we focus on is operationally we have the right cadence growing, so we focused on the sites that we acquired to make sure that any customer that comes in is able to scale with us so the people who come want to stay with you for a longer time. And that is why we build a sustainable business. So, to that extent we have that sort of back integrated one of the sites that we got in Italy by putting a key role in that, that should be operationally almost there. That should be operational in Q1 FY26. So, we can begin projects there and the R&D center in Hyderabad and the Jaipur facilities are also now operational. So, we have got the operational thing almost done. When we finished the key hires, we have had some headwinds in terms of the general market also in the pharmaceutical business and we see that also sort of favoring us and green shoot happening in terms of the future. So, starting from H2 this year and for the future, we expect to provide you with a lot more detailed answers on both the pipeline build up and future growth.

Nitin Agarwal: And Ramesh do you expect the business to be EBITDA positive? When do you expect the business to become an EBITDA positive from which period of time?

Ramesh S.: We certainly hope that the trend will begin even in H2, but I will be able to give you a lot more clarity as we go into Q4 next year. So, if you can just hold that thought as I push through.

Nitin Agarwal: My last one, what is the pipeline like on the CDMO side in your business right now? How many products do you supply commercially and how many more do you expect to go commercial?

Ramesh S.: So, the pipeline buildup in general, I can comment saying that we are engaged with several customers both on the early development side and on the late development side. On the commercial side, although we are talking with multiple customers, commercial projects are not easy to come by. Typically, we try to get into the late phase and then go into commercial, that is what we are trying to do.

Moderator: Thank you. We will take our next question from the line of S Ramesh from Nirmal Bang Equities. Please go ahead.

S Ramesh: In the pharma business, you have mentioned on Slide #13, some new additions to your business like new CDMO order and three new projects. So, is it possible to quantify this in terms of what will be the impact on revenue and some color on exit revenue for FY25 if I may ask?

Rajnish Sarna: Sorry. Come again. What was your second question?

S Ramesh: The second question was what do you hope to achieve as revenue by the end of March 2025 or exit revenue for the base for FY26?

Rajnish Sarna: We are targeting to achieve Rs. 250 to 275 crore by the end of this year. But yes, we are also assessing the inventory situation while talking to these large customers. So, this is more of the current assessment that we can share.

In terms of your other question, projects identified for near to long-term. So, again I think it will be too early for us to quantify these numbers. But yes, the key point here is that there is a significant pace that these new customer interaction, engagement

and development is happening with the strengthening of team both in US, Europe and of course in India. And by the way, this is only the second year of this business. So, as we have indicated in past that it will take for us a couple of years' time to bring this to a faster pace from the level that we have acquired it, and we are still very confident that in the next 3-4 years' time, we will be taking this to a completely different level and making a meaningful contribution to the overall PI's Business.

S Ramesh: And secondly, if you look at the domestic business, I think the revenue of Rs. 460 crore, it is very hard and possibly one of the highest. So, in the context of the growth in new products you talked about and the pricing pressure, can you highlight what is the kind of timeline you see for the pricing pressure to abate? And any key segments or crops where you saw the growth and how do you see the second half based on the strengthening Rabi fundamentals helping you in terms of the second-half performance in the domestic business?

Rajnish Sarna: There were too many questions, so let me try and respond one by one. I think I have already explained to the earlier participants about our current outlook for the second half, which we expect to do better in terms of our domestic distribution business. We expect Rabi to be good. We already have launched a host of new products. There are already very interesting products introduced in the last 2-3 years. So, we have a very decent portfolio where a lot of effort is going on, and we expect that we should be growing in double-digit in second half. As far as our exports are concerned, second-half, as I said, we will be in the higher single digit kind of level given the overall global industry situation that we are seeing. And then for pharma, I think we have separately explained it to you, so this probably answers your question.

S Ramesh: On pharma, one last thought, you have given some CAPEX details. So, can you give us some sense of how much you plan to spend for full year in CAPEX in pharma in for FY25 and for the next couple of years?

Rajnish Sarna: I think we already indicated the CAPEX to the tune of Rs. 100 to 125 crore for FY25 and for next year, it will be half of it because lot of spend is already done this year.

Moderator: Thank you. We will take our next question from the line of Siddharth Gadekar from Equirus. Please go. Ahead.

Siddharth Gadekar: Given that we have completed the Plant Healthcare acquisition, can you give us some color in terms of how are we planning to scale up this business in terms of both domestic and global launches?

Rajnish Sarna: On Plant Health Care, as you know, we completed our acquisition this quarter. Now our objective is to invest in product and market development of their existing and pipeline products to take this business to the next level. This company has a cutting-edge technology platform, they have three products which are already commercialized in major markets like US, Brazil, Europe. We would also be commercializing some of these products in India for which initial effort have already started. So, lots of development efforts will be made because all these three products have a significant growth potential across these major markets that I explained. The other market, I forgot to mention was Mexico. we are also very actively working with the research team of Plant Health Care and looking at opportunities of working on joint development along with our Agri Research setups in PI and coming out with some very interesting solutions for regenerative and sustainable farming. This is our next goal in this business.

Siddharth Gadekar: And secondly, in terms of manufacturing these products, would we be looking to also manufacture these products in-house or we would continue with the existing vendors from Europe? How would we think about that?

- Rajnish Sarna:** Well, we are evaluating various options; for now, we are continuing with the existing sources. However, for the future, we are evaluating several opportunities.
- Siddharth Gadekar:** So, just one last question, Plant Healthcare had spoken about \$100 million plus revenues by FY28-29. Do we think that we could get to that number now that given that we have a strong balance sheet size as well?
- Rajnish Sarna:** Yes, that is very much possible given the significant potential those products have.
- Moderator:** Thank you. We will take the next question from the line of Sumant Kumar from Motilal Oswal. Please go ahead.
- Sumant Kumar:** Sir. So, for domestic business in the last two quarters, we have seen 6% growth. When we see the industry, growth is in higher single digit or double digit and other Agrochemical companies are performing. So, is there any issue with any product where the price is declining apart from what institutional sales de-growth you are talking about.
- Rajnish Sarna:** Yes, as far as our domestic brand business is concerned, there is no de-growth and that is the reason we tried to explain in our Investor Communication that there is volume growth that we have seen, for example, for the first half we have seen close to 9% volume growth. We have seen some price pressure in some of the old molecules. But yes, overall, there is 3% growth. In the second half as I mentioned earlier, we are expecting double-digit growth mainly driven by many of the new introductions we made over last 2-3 years. Prashant, if you are there, you may want to give some color on domestic brand business.
- Prashant Hegde:** Domestic brand business has registered a volume growth of 12% and overall growth of 7% in Q2 and H1 volume growth of around 9% and overall growth of 3% because there is a price correction. Second-half is looking good. Water in the reservoirs is better. Hopefully, adverse weather-related events what we have seen in the first half are behind us. Hence, we are seeing a good momentum, especially in crops like chili, rice, pulses, fruits and vegetables, plus the three new products which have launched in first half and another three more products which are scheduled for launch in the second-half these things should help us to register good growth next quarter.
- Moderator:** Thank you. We will take a last question from the line of Krishan Parwani from JM Financial. Please go ahead.
- Krishan Parwani:** By when do you think our recently acquired Plant Health Care business could turn EBITDA positive and does this quarter contain any one-off expenses from the acquisition?
- Rajnish Sarna:** Yes, there were some one-offs not in front of me, but yes, there were some small one-offs in this quarter. It will take, I would say 2-3 years' time for this new business to scale up mainly because a lot of development spending would be needed, as I explained earlier, to grow these products in the large markets that are there from US, to Brazil, to South America, to Asia, to Europe and also a lot of research work which will happen. So, yes, maybe in the next 2-3 years' time, we would expect this business to start contributing in terms of profitability.
- Krishan Parwani:** So, let us say despite negative contribution from PHC and also our Health Sciences business, you expect this 26% to 27% margin. So, you are expecting a decent performance in the AgChem and CSM business, is that correct?

Rajnish Sarna: Yes, so this is what when we share our outlook on margin, we account for these development spends that are happening. So, yes, we will continue. The strength of our portfolio both in our exports as well as our domestic, so strength of our product portfolio, the technologies that are helping us keep on improving processes and margin profile of these products basically differentiates us in the in the industry and that strength will continue.

Rajnish Sarna: Thank you all for your continued interest in PI. We really appreciate your time and effort in joining and participating in this call. Thank you so much.

Moderator: You. Thank you, members of the Management Team, on behalf of PI Industries Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your line.

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