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BSE Limited Corporate Relationship Deptt. PJ Towers, 25th Floor, Dalal Street, Mumbai – 400 001 Code No. 523642	National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Code No. PIIND
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Dear Sir/Madam,

Sub: Transcript of the Earnings Conference call pertaining to the unaudited financial results for the quarter and nine months ended December 31, 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 **Friday, February 07, 2025 at 4:00 PM (IST)**, to discuss the unaudited standalone and consolidated financial results of the Company for the quarter and nine months ended December 31, 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**

Sanjay Agarwal
Group Chief Financial Officer and
Head- Strategy and Integrated Development Cell

Encl: As above

PI Industries Ltd.

Corporate Off.: Vipul Square, 5th Floor, B-Block, Sushant Lok, Phase I, Gurgaon – 122009, Haryana, India. Tel.: +91-124-679000

Regd. Off.: Post Box No.20, Udaisagar Road, Udaipur – 313001, Rajasthan, India. Tel.: +91-294-2491451-5, 6651100, Fax: +91-294-2491946

Email: info@piind.com, www.piindustries.com, CIN: L24211RJ1946PLC000469



PI Industries Limited

Q3 & 9M FY2025 Earnings Conference Call Transcript

February 07, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the PI Industries' Q3 FY25 Earnings Conference Call.

As a reminder, all participant lines will remain 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 the operator by pressing "*", then "0" on your touch tone telephone. 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' Q3 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 – Jt. Managing Director
- Mr. Sanjay Agarwal, Group Chief Financial Officer
- Dr. Atul Gupta – CEO Agchem Exports
- Mr. Prashant Hegde – CEO, Agchem Brands, and
- Dr. Ramesh Subramanian – Global CEO, PI Health Sciences

We will begin the call with “Key Perspectives” from Mr. Singhal. After that, we will have Mr. Agarwal sharing his views on the Company's “Financial Performance.” Thereafter, 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. A disclaimer to this effect has been included in the investor presentation shared with you earlier and also available on stock exchange websites.

I would now like to request Mr. Singhal to share his perspectives with you. Thank you and over to you, sir.

Mayank Singhal:

Yes. Thanks, Nishid. Thank you, and good afternoon to all of you. Welcome to our call to discuss PI's third quarter and the nine-months performance for the year '25.

While I shall provide an update on the operating scenario, I shall also bring in the perspective on the strategy that we have embarked upon in the mid-to long-term. Our approach of aligning with innovators and working on high potential molecules and brands has helped us deliver stable performance amidst challenging market dynamics. In order to ensure a continued strong runway of performance, we are already actively engaged in multiple areas, and that will underline our progress for the coming years.

The global crop protection industry is passing through a transitional downswing. However, mid- to long-term trends in the industry remain the same. Despite earlier challenges like supply chain bottlenecks and fluctuation of input cost, the sector is adapting to an evolving landscape. Over the past few weeks, tariff war and challenged geopolitical scenarios have been making the headlines, indicating a shift in the global trade dynamics.

Since the underlying demand is there, the tailwinds could impact Indian exports favorably. We continue to focus on innovation, sustainability, and an efficient supply chain to play our part in creating a stable, productive future for agriculture. Domestically, the generic segment faces ongoing pricing pressure and elevated inventory levels. Looking ahead to the next season, market sentiments will be strongly influenced by investment trends in the sector and the overall health of the rural economy.

Directionally, from a pure play agrochemical CSM and distribution opportunity size of \$15 billion to \$20 billion of innovative products, we will be chasing a 10x market opportunity over the next two decades. Addressing the multi-billion-dollar market of pharma, CRDMO, electronic chemicals, and biologicals, and new NCE's through differentiated business models focusing on niche segments with innovation, and building talents and distinct asset capabilities with a systematic regulatory support, we are on the journey to evolve from becoming an ag science Company to a life science Company.

During the year, thus far, our performance has stood out and we continue to deliver to clients. Trends during the period reflect strength of our business model and a disciplined execution, underscoring profitable expansion even in inclement industry sentiment. Revenue growth for the AgChem exports was 9% on a high base, given volume gain and contribution from new products grew by 35% year-on-year. Biologicals, on the other hand, have added growth showing a 25% increase.

Let me now cover the trends during the reported quarter:

We saw consistent improvement in the AgChem exports backed by scale-up of new molecules that were launched in the past couple of years. The new products have delivered growth of more than 40% year-on-year. The new product growth is mitigating global headwinds. Over the past couple of years, they stood at six to seven molecules every year. The new inquiries continue to come in with over 50% of those from non-AgChem innovator products. This is in step with consistent investments made towards novel chemistry platform process technologies and various technology support deliveries.

Moving on to our "Domestic Business":

From a good base of FY24 compared to the market, PI has grown 5% year-on-year. This follows decisions taken to drive a superior product mix with enhanced margins and maintain quality of revenue. Our biologicals range has shown a strong growth of 25% over the prior year. Domestically, we have already introduced six brands. Beyond these, we have a pipeline of 20-plus products at different stages of evaluation and registration. Momentum for launching new innovative products will continue, each aimed at delivering visible gain to the pharma with a better sustainable offering. Our range in horticulture and biologicals are growing well. We will remain determined to develop new varieties of brands backed by a stable capital base and entrenched relationship with the innovators.

While our existing business model of Agchem exports and brands continue to generate strong momentum in the foreseeable future, in the coming three to five years, you will see a noticeable growth coming from our new initiatives. Fresh cash generation and a strong balance sheet are driving growth opportunities. I will elaborate on some of the key perspectives.

As you are aware, we have invested and are continuing to invest to build a differentiated CRDMO offering in the pharma space with high quality of talent being onboarded, assets being built to deliver the future, processes implemented benchmarked to the best-in-class in the world and customer portfolios being built. FY25, financials reflect the transition to a new business model and the development spend, which will continue over the next couple of years.

We have added global industry veterans to lead the pharma business, and they have begun to deliver the results supported by integrated processes and newly refurbished assets in our locations of Jaipur, Hyderabad, Lodi, Italy, .

Biologicals has been our passion for over two decades. We have acquired a leading edge technology platform in biologicals with patented proteins and peptide technology, a unique technology platform of proteins that are showing promising results in the field. In addition to the existing market in the U.S., Mexico, Brazil, the UK, we will now be introducing in these products into India as well.

We are also working on a proprietary offering, where rigorous work is underway. We have taken a critical step for the development of the first AI of an insecticide 'PIOXANILIPROLE' and in the midst of Phase-3 trials to develop regulatory data for product registration in different geographies under evaluations with partnerships. Harnessing our competencies on innovative and advanced technology and capabilities to scale products by delivering standout products substantially different from what's available.

While these new avenues will scale up, our existing strategies continue to deliver results as per our plan.

Moving on, I wish to underline our effort on the sustainability side. As we seek to scale our business across multiple pathways, we align our processes and strategies to contain any adverse environmental impact. For PI, Caring is one of our values, and Caring for Mother Earth is a way of life, far before ESG became a buzzword and companies began charting their sustainable programs, PI has been a trendsetter and far ahead of its peers in the chemical industry with many firsts to its credit. Fast forward to now, we are proud to be ranked the top 3 percentile of ESG rated companies globally and listed in the exclusive S&P Global Sustainability Yearbook 2024. We expect to retain our listing in the prestigious S&P Global Sustainability Yearbook consecutively for the second in 2025, which speaks volumes of our ESG journey.

At this stage, I request our Group CFO – Sanjay, to continue to discuss forward. And thank you very much. Over to you Sanjay, take it forward.

Sanjay Agarwal:

Thank you, Mr. Singhal. Good afternoon, friends. On the call today, I will summarize the Company's financial highlights for the third quarter ended 31st December, 2024. Please note that all the comparisons are year-on-year and refer to consolidated performance.

So, to share the performance highlights, I am sure most of you would have already looked at those Results.

During Q3 FY25, we reported a revenue of Rs. 19,008 million, a growth of 0.2% over the same period of last year. Specifically, Agrochemicals, which accounts for 97-98% of our total revenue, is up by 4%, and EBITDA has been flat. AgChem exports are up 2%, and within that, our new product growth is 40% year-on-year. Our total domestic revenue has increased by 5% to Rs. 2,806 million. Pharma has seen a strong sequential revenue growth of 55% to Rs. 637 million in Q3 FY25. Our ETR has increased from 14.7% to 22.5%, impacting our quarter's net profit.

Let me also cover the "YTM Performance" for FY25:

Revenue is at Rs. 61,907 million, a growth of 4% over the same period of last year. Export revenue is up by 6% to Rs. 51,306 million. Once again, there has been a growth of new products which remain a key feature of our nine-months result FY25. AgChem exports is up by 9% and the new product growth is 35% year-on-year. Domestic branded revenue grew by 3%, and within that the volume is up by 8%.

If we look at EBITDA, without our pharma business, while the pharma business is in a build-out mode, our EBITDA has increased by 17% to Rs. 18,760 million. Profit overall has increased by 1% to Rs. 13,297 million. We expect the ETR for FY '25 to be in the range of 22% to 23%. Cash flows from operating activities increased by 8% to Rs. 12,482 million, this was due to good EBITDA growth and efficient working capital management. The trade working capital in terms of days of sales has improved from 80 days to 68 days. Similarly, better inventory management has led to a reduction in inventory days from 59 days to 46 days.

The balance sheet has further strengthened during the year. Our net worth increased to Rs. 98,660 million. And we have a healthy net cash balance of Rs. 42,091 million.

That concludes my opening commentary. I will now request the moderator to open the forum for Q&A. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj:

Thanks for the opportunity. My first question is on the pharma products that we were developing under PI umbrella before the acquisition of the new pharma business. What is the progress of that? Have we seen scaling up of those products which were under our R&D into the new facilities? And a concurrent question on the pharma business is, where are we currently in terms of the margin profile, both on gross and EBITDA level? How are we foreseeing it in the future, given that at least the top-line seems to be increasing over the last two, three quarters? Thank you.

Rajnish Sarna: Thank you for your question. So, the first part of the question about the earlier products. Yes, during the COVID-19 time we had developed and supplied certain intermediates to global customers, and those were specific to the COVID-19 period. Besides, some of the earlier development projects we were working on are now part of the overall development pipeline in pharma. So, that is continuing.

Regarding the second part of your question on margins, as you have seen, the margins have been maintained. If we see quarter three last year versus this quarter, it is broadly around 48% to 50% gross margin level. But as we are now building more CRDMO projects, particularly CRO and early CDMO kind of projects, the margins will, obviously, over a period of time improve. And you will see that reflecting in our financials in next one, one and a half years.

Rohit Nagraj: Sure. That is helpful. My second question is on the three areas that you mentioned, and Singhal sir also mentioned, into pharma, CRDMO, electronic chemicals, biologicals. So, currently where are we in terms of maybe revenue or probably number of products into each of these areas? And maybe three years down the line, how are we looking to shape up these verticals in terms of the overall contribution to our revenues and the number of products under each category? Thank you.

Rajnish Sarna: As our Vice Chairman highlighted in his speech, both of these areas represent new business ventures: pharma and biologicals, particularly the new technology platforms we have acquired. We firmly believe that we are on the right path. We are also transitioning, as you will understand, from the previous business model to the new CRDMO model. Consequently, there are certain portfolio changes in products; new product inquiries, new types of projects, and new customers are being incorporated in pharmaceuticals. We anticipate that once this business model stabilises in approximately the next year, we will experience growth of 20% to 25% year-on-year in the forthcoming period. This is the visibility we have in pharma for the next two to three years.

Similarly, in the acquired business of biologicals, we currently have a reasonably sized biological business in our domestic markets. Furthermore, the business we have acquired is currently at a low base, but we expect to build upon it in the markets where the business operates, based on the registrations we have obtained. This growth is certainly projected to be significant. We are already anticipating more than 25-30% growth next year, and from there, we will solidly develop that business. Overall, while both these businesses currently operate on a small scale, we are anticipating aggressive growth in the next two to three years as we build upon them there.

Mayank Singhal: So, if I may answer and add a little bit to this, PI is always looking to create a differentiated business model in this place. These do take investments, time and strategies to be shaped,. So, typically these businesses have a long term J-curve approach, and that is where we see that's the PI way. And we have been able to do that whether it is in the ag business in the early 2000s, or whether it is the CSM manufacturing post 2008-2010, where we have been building and stabilizing important themes as they shape into the next level. And that's the stage that these two initiatives are today. And I am pretty confident that with more experience of the past, these curves could be even sharper if not better.

Rohit Nagraj: Sure. Thank you so much and all the best.

Moderator: Thank you. The next question comes from the line of Vivek Rajamani from Morgan Stanley.

Vivek Rajamani: Thank you for the presentation. One clarification and one question from my end. Firstly, with respect to these new products which have grown 40% on a year-on-year basis, would it be fair to say that they make up about 20% of the exports portfolio like you have mentioned in the past? Or has that number changed materially this quarter?

Rajnish Sarna: Yes, it is broadly in the similar range.

Vivek Rajamani: Sure. So, still about 20-odd-percent of the exports portfolio?

Rajnish Sarna: Yes.

Vivek Rajamani: Got it. The second question, was on margins. If you look at the EBITDA margins that you have reported, on a consol basis, we have seen them improve pretty strongly. We have gone from about 22% to 24%, to about 26% last year. And for the nine-months, we are obviously close to about 28%. So, congratulations on that.

I just wanted to better understand, this margin uplift which clearly looks to be structural, is this a function of your new products still operating at a significantly better margin profile? Or is there something that you have gotten on your cost side that's driving this very sustainable increase? I know you have mentioned in the past that the margin profile is a function of the product mix which can change every quarter, but just some color on the gains that we have made and the outlook going forward will be super helpful. Thank you.

Mayank Singhal: Yes. We would say simply, you have got the last statement right, which is exactly the product mix. And there's multiple moving parts and different-to-different quarters it can move around income. And so I think the guidance that we give, we keep that, yes.

Vivek Rajamani: Sure, sir. I will then rejoin the queue. Thank you so much and all the best.

Moderator: Thank you. The next question comes from the line of Siddharth Gadekar from Equirus. Please go ahead.

Siddharth Gadekar: So first on the diamide that we are targeting to launch, can you give us some color that in terms of field trials where are we today? When do we plan to launch this product? And given that we are looking to launch it in India, can our India business materially double from here in the next two, three years?

Mayank Singhal: Well, innovation comes in a very different challenging space, but giving specific answer, we are pretty confident and happy with what we see as a product. One, with our experience of what we know in the field, and we see the potential of that in India and globally.

Today, where we stand, we are in the Phase 3 of trials. We believe, in a year or so, we should be looking to get to look at the regulatory framework, and maybe a couple of years down the road we should be in the market. And I think once you see what the product does and performs, that gives the confidence to take it to the next phase, typically for any new launch, any new AI that we have done, historically.

And I am sure we have this strong capability of a few decades of taking new innovations to the market and scaling them to create an impact. It's an experience which we are very confident will be more embedded, at least in the geographies that we operate. And for other geography, we should look at partnership approaches.

Siddharth Gadekar: Okay. Secondly, in terms of the impact on the market because of the Plant Health Care acquisition, can you just quantify that number?

Rajnish Sarna: On the Plant Health Care, it's a small business at this point in time, so the numbers will not materially change.

Siddharth Gadekar: Okay. Thank you.

Mayank Singhal: As we mentioned, to be very clear, this is a technology platform which is very promising to us. We see some very interesting data and facts, globally. And based on that, we are in the process of, again, knowing the business as you know. In the regulatory framework it does take time and to get them into the market and development. So, we will be investing aggressively in that timeframe globally for the next couple of years, if not more, to really take this product at scale to the platform, and the products which are there, and use the platforms to create new technologies and new products.

Siddharth Gadekar: Yes. Thank you.

Moderator: Thank you. The next question comes from line of S. Ramesh from Nirmal Bang. Please go ahead.

S. Ramesh: Thank you, and good evening. So, when you talk about this 20% to 25% growth in pharmaceuticals, CDMO in the next two to three years, what are the kind of revenues you need to breakeven at EBITDA? And what is the timeline to achieve, say, a critical mass of maybe in the range of Rs. 500 crore to Rs. 750 crore, when do you see that materialized?

Mayank Singhal: I would give it a couple of years or more. As the pharma development space is a unique space that we want to operate have a longer gestation period, so some of this could become very quick and could multiply, and because we are looking at a differentiated model here. But I would say, I would give it a quick two year run before we get to those spaces.

S. Ramesh: Okay. Under biologicals, is it possible to share what is the current share of biologicals in your domestic portfolio, and what is the kind of overall market potential you see in India and exports?

Mayank Singhal: Well, biologicals, I believe that if I were to examine the Indian market, we are quite well-poised. We are among the top three players, and our approach is aggressive, with at least 15% of our revenue portfolio derived from biologicals. With this growth trajectory, we certainly aspire to make a significant impact and become one of the largest players in biologicals within the country. Furthermore, some of these technologies could potentially crossover to other geographies, while the technology we acquired could also have an entry into the Indian market.

So, our strategy to become a dominant player in this space is on track, and we have a very good execution capability, as demonstrated by the fact over the last two to three years with the growth rate in the challenging domestic market, yet we continue to show that with more than over 20-plus-percent of growth. So, giving us the confidence that we have got a machinery that knows how to work, and we are now going to look at putting more portfolios and products and delivering that.

- Rajnish Sarna:** If I may, it is important, gentlemen, to note that the biologicals segment is growing at a much faster pace than chemicals on a global scale. From the current estimated \$10 to \$11 billion, it is expected to reach around \$20 billion in the next three to four years. Therefore, we believe we are well-positioned, both in India and with the recent acquisition of this technology platform. Furthermore, there are also three or four products that are registered in the most developed markets worldwide. We believe we will be significantly part of the growth journey we anticipate in the biologicals sector globally.
- S. Ramesh:** Okay. So, if I may squeeze in one last question. In your slide you mentioned that you expect a recovery in the second half of this calendar year in the custom synthesis exports. So, in terms of the basic agro-chem cycle, do you think that it will synchronize with the potential recovery in the distribution of Agrochemicals? Or will it happen with a lag? And once you see this recovery in the second half, do you see the volume growth revive in the traditional CSM exports in Agrochemicals?
- Mayank Singhal:** Yes, sure. I mean, if you look at the market recovery, for sure, the benefits of that would pan out for everybody, and we should be also well-poised to do that. And it is expected, we are looking at the global situation as you must have understood that, yes, India's season has not gone well for a year. We have looked at also the challenges, and globally one of the biggest market is Brazil, there have been a lot of challenges. But it is expected next half of this year things will pick up, and I think the industry overall will start tuning up.
- S. Ramesh:** Thank you very much and wish you all the best.
- Moderator:** Thank you. The next question comes from the line of Krishan Parwani from JM Financial. Please go ahead.
- Krishan Parwani:** Thank you for taking my question. So, firstly on agri-CSM business, how does your order book look like in CY25? As in, would that be able to give you a double-digit growth in, let's say, CY25 or FY26?
- Rajnish Sarna:** The growth of the business does not stem solely from the order book; there are both annual PO and long-term businesses to consider. Our long-term agreements provide some visibility, but annual POs also contribute to yearly growth. As Mayank explained to the earlier participants, the business and the global industry are in a transitory phase. Numerous trade wars, tariffs, and other challenges are currently confronting the industry. Therefore, we might gain more clarity regarding overall growth for FY26 or FY27 in the next one or two quarters. However, for now, we are reasonably maintaining and sustaining the volumes at which we are operating today.
- Krishan Parwani:** Noted sir. Fair point. Secondly, has there been any progress on our own AI, Pyroxene, Helipro, I mean, where are we in that? Has the registration started out? Which stage are we at?
- Rajnish Sarna:** As we outlined in our presentation and the opening commentary, there are certain leads making significant progress in the development phase. One of these leads is even more advanced, and we are also focusing on the registration process, particularly for India and a few other countries, which is also progressing very well. Perhaps, Mayank, you would like to add anything further?
- Mayank Singhal:** No. So, as I mentioned earlier, that is the stage, as you rightly mentioned, we are at that stage and we are pretty confident how this looks. So, this would be really where I want to create a mark in what PI has been able to do globally in the innovation space.

Krishan Parwani: Got it. And just two small clarifications from my side, on pharma you have incurred close to Rs. 100 crore CAPEX in nine-months FY25. So, when do you expect that to start contributing to the top-line or margins if that was for the backward integration or for some other CAPEX?

Mayank Singhal: No, so let me answer this to you. We are not in the business of backward or forward integration here, to be very straight. We are in the business of creating offerings and capabilities in the various facets of the value chain from discovery to markets, from a strong science in technological capabilities. For each of these, we are making investments both in hardware and software, software typically being human capital and skills, hardware being assets. And the other critical part of this integrated piece is a regulatory framework which has a gestation period to deliver a value created offering to the customer, and those investments are being made. And that will take a couple of years to shape up to meet the requirements from a regulatory standpoint to deliver value to the customer.

Krishan Parwani: Got it. And the last bit was on the plant healthcare, I do not know whether you mentioned earlier, but how much was the contribution to the top line this quarter and to the margins, if you can share?

Sanjay Agarwal: As we mentioned, this is more of a development platform for us. And for now the revenues are not any significant at the top level.

Krishan Parwani: Got it, sir. Thank you for patiently answering my questions, sir. Wish you all the best.

Rajnish Sarna: Thank you.

Moderator: Thank you. The next question comes from the line of Abhijit Akella from Kotak Securities. Please go ahead.

Abhijit Akella: Good afternoon and thank you very much. My first question is with regards to the depreciation and amortization expense which seems to have increased quite significantly quarter-on-quarter. If you could please just help us understand the reasons for that? And whether this is a good run rate to trend off of going forward.

Sanjay Agarwal: So, yes, the incremental depreciation charge is primarily because of the amortization of the intangible which has been added during this particular quarter on account of the PHC for the biologicals business which we have acquired. So, it will be fair for you to take this run rate going forward.

Abhijit Akella: Thank you. The second question is just with regards to, I guess, number one, if it's possible to share the order book number as it stands at this point in time. And just to clarify whether the revenue growth guidance, which has been mentioned as single digits in the presentation, last quarter it was high single digits, so should we interpret that, that has been reduced a little bit or how should we interpret that?

Rajnish Sarna: We are maintaining the growth guidance we indicated last quarter. This is due to the ongoing Rabi season and the overall export scenario we explained earlier. Whether it will be in the mid or high teens, we will figure out in the current quarter. Regarding your second question about the order book, it remains approximately at the same level, around USD 1.4 billion. That addresses your two questions.

Abhijit Akella: Thank you. Just to clarify, you meant mid-single-digits or high-single-digits, right? Just now you mentioned mid-teens or high-teens, so I just wanted to clarify.

Mayank Singhal: 5.1 inches or 5.12 inches, that's the single-digit gain.

Rajnish Sarna: You are right, Abhijit.

Abhijit Akella: Okay, okay. Thank you. Just one last thing from my side. On the pharma business, last time we had mentioned that we see full year revenues in the range of Rs. 250 crore to Rs. 275 crore. I think we have done something like Rs. 130 crore in the first nine-months, so how does that target sort of look at this point in time?

Rajnish Sarna: Yes, we are targeting the same numbers that we indicated last time.

Mayank Singhal: Around the same range.

Abhijit Akella: Got it. just one really last thing from my side if I may, just on the pharma business, any sense you could provide with in terms of new customer additions, number of new customers or some metrics around that would be great. Thank you so much.

Mayank Singhal: I think Ramesh you can comment on that.

R. Subramanian: Yes. So, we continue to gain traction. From a new customer addition perspective, in Q3 we have had between 5 to 10 new customers, I will just leave it there, but the quality of the customers has been excellent. But we are also focusing on the quality of the products, right, there are certain products that would give a good long term sustainable revenue, that is where the focus has been. So, we hope that those products continue to go through that clinical pipeline and lead to good results for the investors.

Moderator: We move on to our next question, which is from the line of Bhaskar Chakraborty from Jefferies. Please go ahead.

Bhaskar Chakraborty: Thank you very much. Could you give us some color on the CDMO order secured with the new program that you have mentioned in the presentation, how long the duration that is and would that drive growth in FY26?

R. Subramanian: Yes. I can. So, this is for a new development project, it's actually a life sciences application, it's an interesting and exciting program for us. It's a commercial product, the product is now being tested. So, if it works out, it certainly has, since it's already a commercial application, it has a good long term potential. What we are waiting for is to see the success of the application, which we would know in the next six months or so.

Mayank Singhal: And the one-line disclaimer I put rather than going into the details of the project, which is the nature of the business and confidentiality and the stage gates of various approvals, the risk factors you know better.

R. Subramanian: That's right.

Mayank Singhal: So, that we would say, yes. But what is exciting is that we have three interesting projects and they are looking at a near mature-gate approach, yes.

Bhaskar Chakraborty: So, is this like a pilot right now that can convert into a long term order in the next six months?

R. Subramanian: Yes. This is an end application that we have supplied the material in for, and the market is being tested with that application. It's a life sciences application.

- Bhaskar Chakraborty:** Okay. Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Rohit Nagraj from B&K Securities. Please go ahead.
- Rohit Nagraj:** One question on next year's guidance. Obviously, we will not be giving it right now. But we have said in the CSM part that demand will start improving in the second half of CY25. So, is it safe to assume that FY26 also would be in transition? And given that the legacy business is still having some kind of volatility, is that the right way to look at it?
- Rajnish Sarna:** Well, I would surely suggest that we should wait for another quarter, and probably post the fourth quarter we will be in a better position to give a very clear visibility of next year. As we explained earlier, there are many moving parts at the moment, including the global situation, the tariff situation, and the industry inventory scenario, among others. However, we believe that in the next three to four months, we will have better visibility and understanding.
- Rohit Nagraj:** Sure. Second question again on the pharma CDMO front. So, in terms of customer profile, are these the large innovators we are working with or the mid and small-sized innovators? And usually from an approval perspective, does it take relatively longer or lesser time as compared to maybe working with the large innovators? Thank you.
- Mayank Singhal:** So, the way I would put that answer, there is a strategy which we have which is probably not only customer-centric, but also technology, platform and application. So, it's a combination of that, so I would not talk about large or small and our offerings for what value-added services to which customer we could play an influential role. And that's really where I would leave that because customer strategy is dependent on how best we are fitted to. And some may fit in the mid, and some may fit in the small, and some may fit in the start-up area.
- Rohit Nagraj:** Sure. That's helpful. Thanks a lot and all the best.
- Moderator:** Thank you. The next question comes from the line of Tejas Pradhan from Citi. Please go ahead.
- Tejas Pradhan:** Yes. Thanks for the opportunity. On the non-AgChem side of the portfolio in say electronic chemicals which you have mentioned, while you have mentioned about the inquiries, is there any material contribution to revenues from that side so far? Any color you can provide on your plans?
- Rajnish Sarna:** We have actually already commercialised three or four projects over the last two years. So, this is not merely an enquiry or R&D level kind of development we are discussing here in electronic chemicals. We are already collaborating with some of these global players in Japan and Europe in this space. This year, we have also commercialised a few projects. Additionally, there is a very healthy pipeline in R&D where we are evaluating and scaling up those projects. Perhaps, Atul, you might want to add something?
- Atul Gupta:** Yes. So, the electronic chemicals business is doing very well. This year, so far we have commercialized two molecules, and in the next quarter there are another two molecules in pipeline which we intend to commercialize. And out of the total enquiries, we have achieved more than 50% enquiries are from electronic chemicals. So, there is a good traction for the future as well what we see going forward in the electronic chemicals segment.

Tejas Pradhan: Okay. Sure.

Rajnish Sarna: The advantage here is that, in addition to having access to the global players with whom we have been conducting business for the last few years, there is also a significant opportunity emerging in India over the next couple of years as semiconductor projects commence in the country. Therefore, I can confidently say that we are very well positioned in this segment of specialty chemicals.

Tejas Pradhan: Sure. And just to sort of add more, like what could be the percentage contribution ballpark currently? And maybe three, four years down the line how much could this increase to?

Rajnish Sarna: Well, it would be a difficult question to answer right now because, as Atul mentioned, there are already three or four projects that have been commercialised, and several of them are at the scale-up stage. So, perhaps in the next year, we will have a much clearer picture regarding the percentage or the kind of value it can add to the growing CSM business PI.

Tejas Pradhan: Sure, thanks. Thanks a lot.

Moderator: Thank you. The next question comes from the line of Somaiah V from Avendus Spark. Please go ahead.

Somaiah V: Yes, thank you. First question is on the AgChem space, so based on your interaction, generally from the industry, the inventory and pricing trends, so is it still in a bit of a decline mode or the decline has now stopped and then things are kind of stabilized? How are you seeing it for the industry, both pricing and inventory?

Rajnish Sarna: Well, I would describe it as a mixed scenario. We are engaging with nearly all the major innovators in this industry. It is indeed a mixed situation, particularly with respect to specific products. In certain markets, there has been improvement. Inventory levels have returned to normal, and the general demand situation is also positive. So, to sum up, those regions are more recovered than others.

On the other hand, certain products are still facing an inventory destocking situation. However, this mainly applies to the generic category of products. Thus, it is difficult to generalise the overall industry situation at this moment. However, most of these companies feel that industry will be in a better position in the next two quarters.

Somaiah V: Got it, sir. The second question is on the CAPEX for the AgChem business, so how are we seeing it for the next one year? What is our CAPEX plan? And also, any MPPs that we will be bringing on?

Atul Gupta: Yes. So, if I may answer that the CAPEX which we had given the forecast, in the coming year we are going to build two new multiproduct plants to meet the future requirement and the visibility for the business what we have. So, that's one major CAPEX investment which is going to happen.

Somaiah V.: Any CAPEX number that you can give as a guidance for the next year?

Sanjay Agarwal: We have already indicated.

Rajnish Sarna: I said it would be between Rs. 800 to 1,000 crore.

Somaiah V.: Got it, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah: Yes. The couple of acquisitions that we have made, what is our assessment, have they lived up to our expectations, fallen behind, or what is the assessment?

Mayank Singhal: As I would answer, Bharat bhai, I think they are completely in line to what we thought we wanted to do with them. But the business model improvisation, as you know PI, well, takes time. These are very small entry points into these businesses, and we have not been silly about our capital allocation, either from multiples perspective, but we have got into certain areas by, one, by taking some regulatory timelines to enhance our growth plans and investing in these to really differentiate these models.

I would say that the size of the investment, the technology, and the capabilities we desire are indeed differentiated. We are currently enhancing these capabilities, and I firmly believe we will witness positive outcomes in the next two to three years, during which the graph will begin to show signs of upward movement. From our internal perspective, we are excited about these developments and foresee a promising future for them.

Bharat Shah: But, Mayank, are we saying it will take two to three more years before we see meaningful results, is it?

Mayank Singhal: Yes, of course. I mean, it's clear that things change, as you can see. However, today, if you look at the PI technology platform and want to scale these products, there's a regulatory framework in place; it's a developing framework, and it takes time. It's akin to any new molecule, if you will. It serves as a platform, and then there's the investment in R&D to create a pipeline. You consider the PIHS and CRDMO, engaging with customers, building capabilities, and the early-stage development; getting through your approval cycle numbers takes time.

These are the long gestation businesses, and also, as you move into them and you create your own uniqueness and capabilities, you build your moat. And let me remind for those, I mean, you know very well that it took about 10-12 years of hard work before CSM started showing colors. But that's not what we are expecting here. This is much faster, and therefore we went in the entry from the acquisition point by those timelines, yes.

Bharat Shah: Sure.

Rajnish Sarna: I just wanted to add, Bharat Bhai, that when we are saying two, three years, it is more from the point of view of them making any meaningful contribution to overall PI, which is a \$1 billion-plus kind of business today, okay? Because of the scale of these acquisition investments and current revenues were small, we are saying that it will take maybe a few more years to contribute meaningfully.

It is also important, Bharat bhai, to highlight here that if one examines PI's progression over not merely a few quarters or years, but the last 20 years, we have managed to scale up, build the business, and achieve a growth rate of over 20% to 25% CAGR across two decades by establishing new businesses and verticals. All this was accomplished primarily through our focus on agrochemicals.

And now, for the next two decades, to sustain that momentum, we have established these growth engines with relatively smaller investments. Therefore, they are currently operating both of these initiatives, in pharma as well as biologicals, on a relatively smaller scale. However, the growth opportunities available are significant;

in pharma, we may be pursuing another USD 100 billion worth of addressable market, and similarly in biologicals, which will offer more than USD 25 billion in addressable market that we will be targeting. We firmly believe that by adding these two or three verticals, we will be in a much stronger position to sustain the growth story we have delivered over the past two decades.

Mayank Singhal: And if I may add here that given that we have entered this in over the next two years, we have strong balance sheets to scale up and accelerate by value-addition in these places, as the foundations are laid by them.

Bharat Shah: On that, there is absolutely no doubt. We have patiently nurtured capabilities and strength in the business to develop and grow the business in a significant way for a long period of time. Bit by bit each product we have nurtured and brought it to the shape and size where the business tends to be. I was only speaking from the perspective whether the acquisitions made with our strategy is really the capital allocation objectives, or you have any, I mean, supposing these opportunities were to come all over again today, what would you do different than what you did when you acquired it?

Mayank Singhal: Sorry, what would I do different than when we acquired?

Bharat Shah: Supposing the same thing were to be acquired today, if the offer was on the table today instead of when we acquired them, what would we do differently about the same offer if it were to be on the table?

Mayank Singhal: The PHC, the offer is relatively recent, it's not too long, so I think I would still go for it and bite that bullet without a question. The offer that we have on the pharma, I think we would have still said yes, it's a good bite. And we still bite that bullet because what we are building we are very excited about. And what we have been able to build on the softer aspects whether it's in talent, global offering capabilities, customer mindsets and also certainly intrinsic parts of the assets that we have been shaping up to deliver the value, it's something completely different. And these take time, both; one, not only to build and deliver, I can show you the best car but eventually to make the car win you need to train the driver. And that's also where we are, we have got the car and the driver, now we need the crowd, which takes a bit of while after even a few races then only the crowd follows you. So, that's really where we are today in the step.

Bharat Shah: Sure, appreciate. And one last bit, I could join only a little later so I might have possibly missed this, but did you offer any view about the upcoming year 2025-2026 in terms of likely growth at the overall business and the parts will witness?

Rajnish Sarna: Yes, Bharat bhai, we responded to these questions that we will wait for another three, four months to be able to give a very clear guideline on that.

Bharat Shah: Okay. So, that will come after the March quarter results?

Rajnish Sarna: Yes.

Bharat Shah: That's because there is currently haziness or there things that you need to get your hands around before you want to put out that?

- Rajnish Sarna:** Well, this is not so much about us specifically but we are observing haziness today almost everywhere following the recent regime change in the big country. I would say that most of the large customers are expecting things to settle down in the next few months. Therefore, we will perhaps have better visibility over next one quarter than speculate at this juncture.
- Bharat Shah:** Thank you. And all the very best. Mayank, Sarna sahab, all the best.
- Mayank Singhal:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.
- Mayank Singhal:** Yes. Thank you, everybody, for your kind support. And we very much look forward to your continued support. And all the best to our team to continue to put in great effort. Thank you.
- Moderator:** Thank you. On behalf of PI Industries, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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