

# PI Industries

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
23,192	7,048
<b>Bloomberg</b>	<b>PI IN</b>
Equity Shares (m)	137.1
M.Cap.(INRb)/(USDb)	79 / 1.2
52-Week Range (INR)	786/552
1, 6, 12 Rel. Per (%)	-7/0/23
Avg Val, (INR m)	160
Free float (%)	41.6

**CMP: INR576 TP: INR755 (+31%)**

**Buy**

## Levers intact; Growth momentum to continue

**Revenue growth below estimate:** PI reported overall revenue of INR5,110m (est. INR6,261m) in 3QFY16, a 1.2% YoY growth led by CSM business which grew 9% while agri business de-grew 13% due to lower acreages in rabi. CSM business showed moderate performance due to deferred procurement schedules from global customers on account of higher inventory at customer end, impacting geographies like USA, Brazil and Australia.

**EBITDA margin expands 190bp:** EBITDA margin expanded 190bp to 20.5% (est. 18.7%), led by better mix of revenues as share of high margin CSM increased to 72% in 3QFY16 from 68% in 3QFY15 also aided by better product mix and cost efficiencies. EBITDA stood at INR1,048m (est. INR1,171m), up 11.4% YoY. Tax rate was lower at 24.7% (31.9% in 3QFY15) due to tax benefits on account of Jambusar facility. Adj. PAT grew 19% to INR704m (est. INR748m) in 3QFY16.

**CSM order book grows 28% QoQ:** Order book stood at USD780m, growing 28% QoQ from USD610m in 2QFY16. Management highlighted that the same is executable over next 3-4 years. The increase in order book was from both existing as well as newer molecules. Jambusar Phase III began operations in Jan 2016 and thus both Phase II and III are now operational (income tax exempt for first 5 years); coupled with commercialization of 1-2 molecules every year, and execution of order book should drive CSM revenue going ahead. PI launched Bio Vita X and Vibrant (addressable market of INR13b) during the quarter which shall keep momentum for domestic business going forward. Recently launched products currently contribute ~15% of revenues, signifying growth potential for ramp up. Management highlighted that Nominee Gold should continue to post strong growth since opportunity is huge while penetration is 10% (as against potential for 30%), also dynamics for rice are still favorable as compared to corn and cotton.

**Valuation and view:** We cut our estimates by 4.5%/5.2%/3.2% for FY16/FY17/FY18 to factor in back-ended recovery in CSM and agro. With best-in-class capital efficiency (40% RoCE), insignificant debt-to-equity and robust growth outlook (18% revenue CAGR and 24% PAT CAGR), we believe PI is one of the best plays on India's agri sector and CSM opportunities. We believe mix change in favor of the R&D-intensive CSM business would continue to drive rerating for the stock. We maintain **Buy** rating with a target price of INR755, 22x FY18E EPS (rolled over to FY18).

## Financials & Valuations (INR b)

Y/E Mar	2016E	2017E	2018E
Net Sales	21.2	26.1	31.6
EBITDA	4.4	5.6	7.0
PAT	2.9	3.7	4.7
EPS (INR)	21.0	26.9	34.3
Gr. (%)	16.9	28.0	27.5
BV/Sh (INR)	82.4	103.9	131.5
RoE (%)	28.4	28.9	29.2
RoCE (%)	36.4	38.5	40.5
P/E (x)	27.3	21.3	16.7
P/BV (x)	7.0	5.5	4.4

## Estimate change

3% ↓

## TP change

6% ↓

## Rating change

↔

## Standalone - Quarterly Earning Model

Y/E March	FY15				FY16				FY15	FY16E	FY16	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	4,712	4,266	5,049	5,370	5,548	4,461	5,110	5,907	19,397	21,201	6,261	-18
YoY Change (%)	16.0	-7.8	38.9	48.0	17.7	4.6	1.2	10.0	21.6	9.3	24.0	
Total Expenditure	3,633	3,539	4,108	4,417	4,190	3,613	4,062	4,743	15,697	16,770	5,090	
EBITDA	1,080	726	941	953	1,358	848	1,048	1,164	3,700	4,431	1,171	-10
Margins (%)	22.9	17.0	18.6	17.7	24.5	19.0	20.5	19.7	19.1	20.9	18.7	
Depreciation	98	96	97	201	115	117	137	220	492	633	182	
Interest	18	19	36	25	27	15	27	24	97	91	25	
Other Income	36	55	59	81	45	45	51	92	232	256	75	
PBT before EO expense	1,000	667	868	808	1,261	760	935	1,012	3,342	3,963	1,039	-10
Extra-Ord expense	-39	-51	-46	-48	-41	-44	-29	0	-184	-85	0	
PBT	1,039	717	914	856	1,302	805	964	1,012	3,526	4,048	1,039	-7
Tax	322	228	292	253	429	223	239	253	1,094	1,174	291	
Rate (%)	31.0	31.7	31.9	29.5	33.0	27.7	24.7	25.0	31.0	29.0	28.0	
Reported PAT	717	490	622	603	873	582	725	759	2,433	2,874	748	-3
Adj PAT	690	455	591	569	846	550	704	759	2,306	2,814	748	-6
YoY Change (%)	42.2	-17.7	70.2	23.8	22.5	20.8	19.1	33.3	25.1	22.0	26.6	
Margins (%)	14.7	10.7	11.7	10.6	15.2	12.3	13.8	12.8	11.9	13.3	11.9	

E: MOSL Estimates

**Niket Shah** (Niket.Shah@MotilalOswal.com); +91 22 3982 5426

**Chintan Modi** (Chintan.Modi@MotilalOswal.com); +912239825422/**Kaustubh Kale** (Kaustubh.Kale@MotilalOswal.com); +912230102498

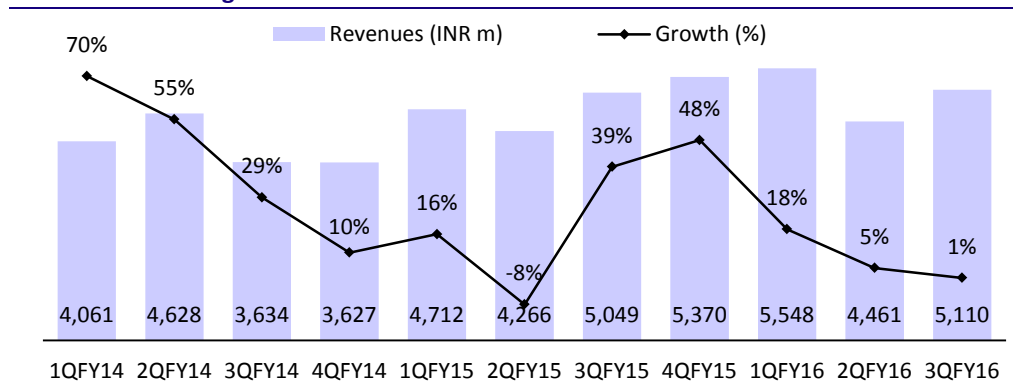
**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Revenues impacted by moderate CSM performance**

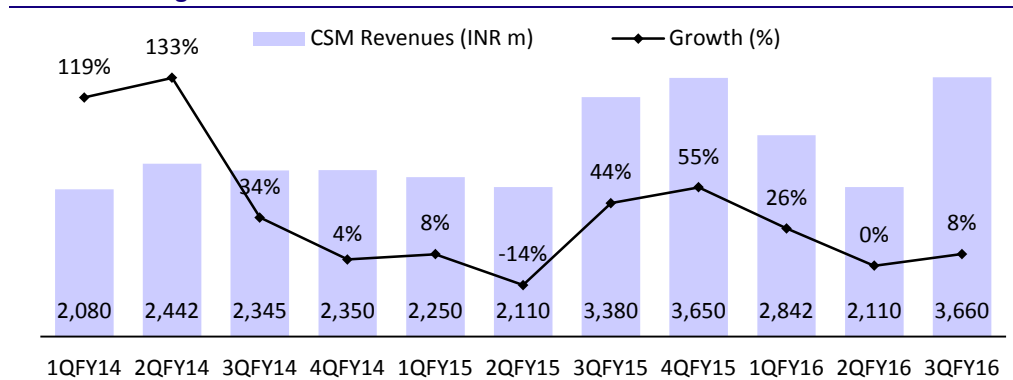
- PI reported overall revenue of INR5,110m (est. INR6,261m) in 3QFY16, a 1.2% YoY growth led by CSM business which grew 9% while agri business de-grew 13% due to lower acreages in rabi.
- CSM business showed moderate performance due to deferred procurement schedules from global customers on account of higher inventory at customer end, impacting geographies like USA, Brazil and Australia.

**Exhibit 1: Revenue growth trend**



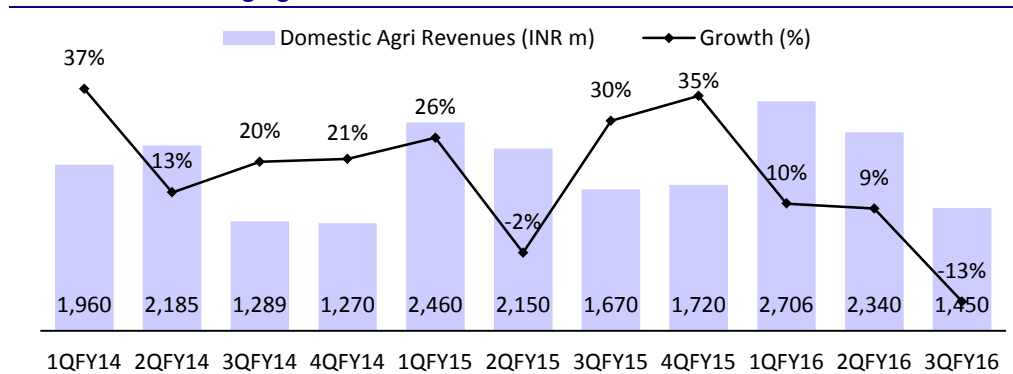
Source: Company, MOSL

**Exhibit 2: CSM growth trend**



Source: Company, MOSL

**Exhibit 3: Domestic agri growth trend**

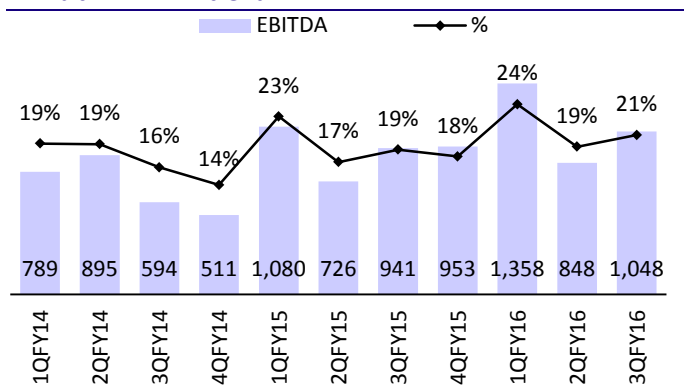


Source: Company, MOSL

### EBITDA margin expands 190bp

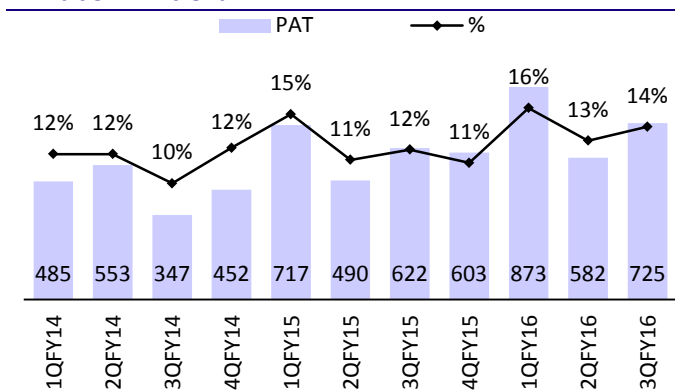
- EBITDA margin expanded 190bp to 20.5% (est. 18.7%), led by better mix of revenues as share of high margin CSM increased to 72% in 3QFY16 from 68% in 3QFY15 also aided by better product mix and cost efficiencies.
- EBITDA stood at INR1,048m (est. INR1,171m), up 11.4% YoY. Tax rate was lower at 24.7% (31.9% in 3QFY15) due to tax benefits on account of Jambusar SEZ facility and extension of Udaipur facility.
- Adj. PAT grew 19% to INR704m (est. INR748m) in 3QFY16.

Exhibit 4: EBITDA trend



Source: Company, MOSL

Exhibit 5: PAT trend



Source: Company, MOSL

### CSM order book stands at USD780m

- Order book stood at USD780m, growing 28% QoQ from USD610m in 2QFY16. Management highlighted that the same is executable over next 3-4 years.
- The increase in order book was from both existing as well as newer molecules.
- Jambusar Phase III began operations in Jan 2016 and thus both Phase II and III are now operational (income tax exempt for first 5 years); coupled with commercialization of 1-2 molecules every year, and execution of order book should drive CSM revenue going ahead.
- These Jambusar plants enjoy 100% exemption from income tax for the first five years and 50% for next five years.

### Domestic Agri Business to see bounce back led by normal monsoon

- PI launched Bio Vita X and Vibrant (addressable market of INR13b) during the quarter which shall keep momentum for domestic business going forward.
- Recently launched products currently contribute ~15% of revenues, signifying growth potential for ramp up.
- Management highlighted that Nominee Gold should continue to post strong growth since opportunity is huge while penetration is 10% (as against potential for 30%), also dynamics for rice are still favorable as compared to corn and cotton.

### Other conference call highlights:-

- Net cash from operations stood at INR2.35b while debt to equity ratio stood at 0.09x.
- Tax rate for FY16 is expected to be 27-28% while for FY17 and FY18 should be higher than that – 29-30%.

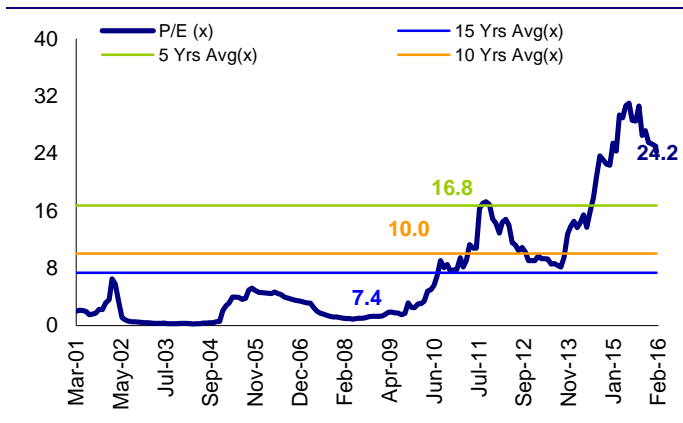
- **Guidance:** CSM should see close to 18-20% growth in FY17, while 4QFY16 growth should be in mid-teens.

**Valuation and View**

We value PI at 22x FY18E EPS (rolled over to FY18), which we believe is justified considering:

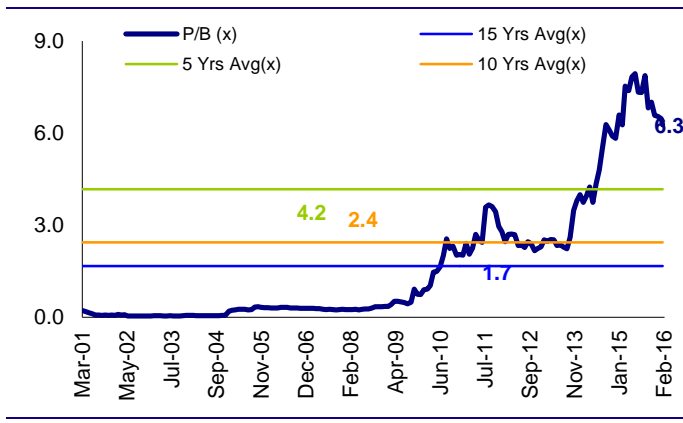
- PI boasts of a unique business model—a strong R&D-led custom synthesis business (59% of revenues) build over the last two decades, and an equally compelling domestic agro-chemicals business (41% of revenues), largely built by in-licensing arrangements with major global agro-chemicals innovators.
- With a mere 10% penetration, we believe there is untapped growth potential in PI’s largest product—Nominee Gold, which (along with new products like Osheen, Vibrant) will continue to drive growth momentum for the domestic agro-chemicals business.
- With a strong order book amounting to USD780m, the CSM business has robust revenue visibility—book-to-bill of 4.2x; we thus expect 18% revenue CAGR over FY15-18. We believe the foray into new segments like pharmaceuticals and electronics chemicals will be the next key growth drivers for the CSM business.
- With best-in-class capital efficiency (40% RoCE, low debt equity, robust growth outlook—18% revenue CAGR and 24% PAT CAGR), we believe PI is one of the best plays on India’s agri sector and CSM opportunities.
- We value the stock at 22x FY18E earnings and **maintain Buy** with a target price of INR755.

**Exhibit 6: Year PE band**



Source: Company, MOSL

**Exhibit 7: 10 Year PB band**



Source: Company, MOSL

## Quarterly metrics

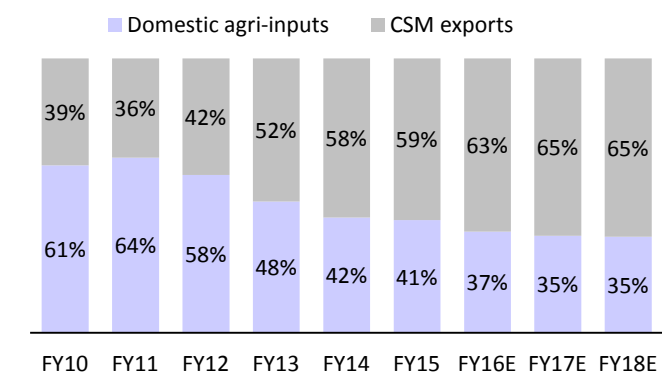
### Exhibit 8: Quarterly metrics

	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16
<b>Revenues (INR M)</b>										
Agri-input	2,185	1,289	1,270	2,460	2,150	1,670	1,720	2,706	2,340	1,450
CSM	2,442	2,345	2,350	2,250	2,110	3,380	3,650	2,842	2,110	3,660
<b>Revenue growth (%)</b>										
Agri-input	13%	20%	21%	26%	-2%	30%	35%	10%	10%	-13%
CSM	133%	34%	4%	8%	-14%	44%	55%	26%	0%	8%

Source: Company, MOSL

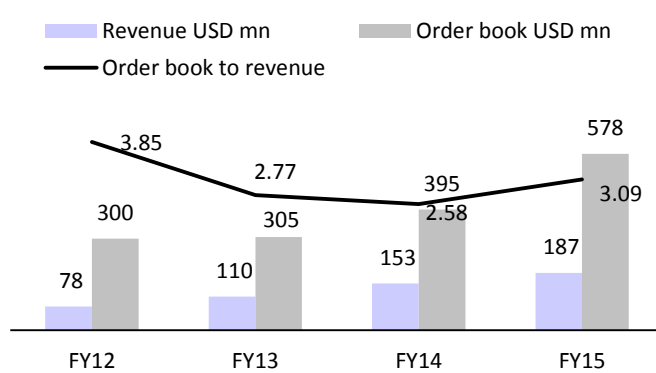
## Story in charts

**Exhibit 9: CSM contribution to increase**



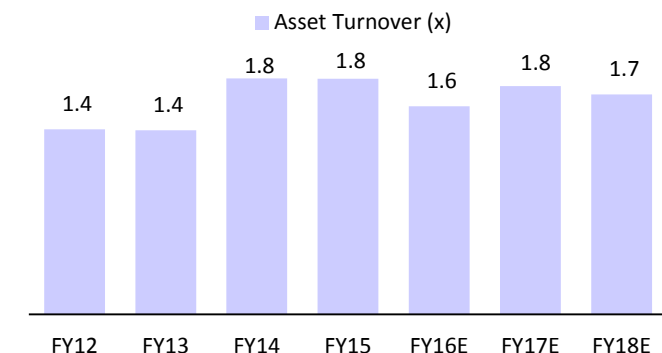
Source: Company, MOSL

**Exhibit 10: Order book to revenue ratio in CSM**



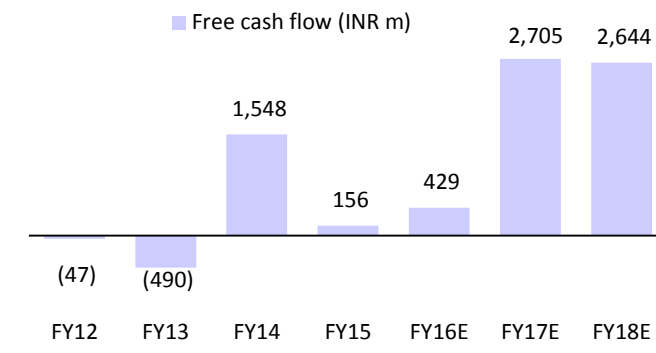
Source: Company, MOSL

**Exhibit 11: Consistently strong asset turnover**



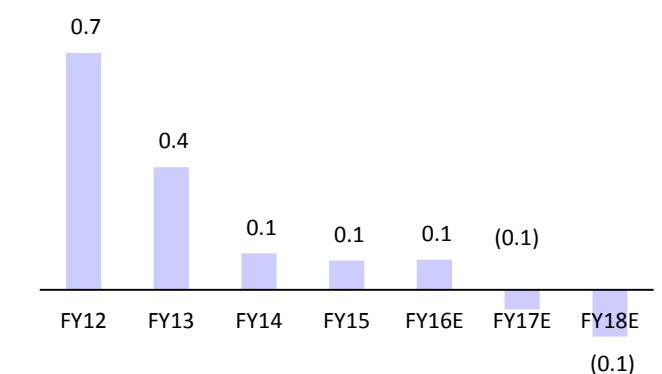
Source: Company, MOSL

**Exhibit 12: High cash flow generating**



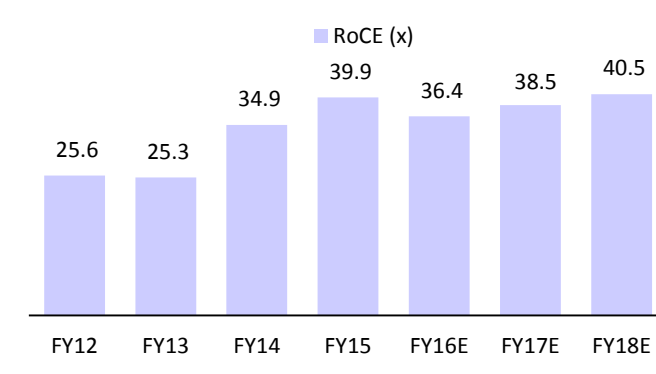
Source: Company, MOSL

**Exhibit 13: Expected to be debt-free by FY17**



Source: Company, MOSL

**Exhibit 14: RoCE to improve to 40.5% (%)**



Source: Company, MOSL

## Key assumptions

### Exhibit 15: Assumption sheet

	FY12	FY13	FY14	FY15	FY16E	FY17E	FY18E
<b>Revenues (INR m)</b>	<b>8,791</b>	<b>11,515</b>	<b>15,955</b>	<b>19,403</b>	<b>21,201</b>	<b>26,056</b>	<b>31,604</b>
Domestic agro-chemicals	5,052	5,500	6,700	7,973	7,814	9,220	11,064
CSM	3,731	6,001	9,250	11,430	13,388	16,836	20,540
<b>Revenues growth (%)</b>							
Domestic agro-chemicals	23%	9%	22%	19%	-2%	18%	20%
CSM	59%	61%	54%	24%	10%	22%	22%
<b>EBITDA (INR m)</b>	<b>1,434</b>	<b>1,806</b>	<b>2,889</b>	<b>3,727</b>	<b>4,448</b>	<b>5,596</b>	<b>6,858</b>
Domestic agro-chemicals	783	664	1,039	1,276	1,235	1,521	1,826
CSM	672	1,132	1,785	2,400	3,213	4,074	5,032
<b>EBITDA margins (%)</b>							
Domestic agro-chemicals	16%	12%	16%	16%	16%	17%	17%
CSM	18%	19%	19%	21%	24%	24%	25%

Source: Company, MOSL

## Financials and Valuations

Income Statement						(INR Million)		
Y/E Mar	2011	2012	2013	2014	2015	2016E	2017E	2018E
<b>Net Sales</b>	<b>7,200</b>	<b>8,791</b>	<b>11,514</b>	<b>15,955</b>	<b>19,403</b>	<b>21,201</b>	<b>26,056</b>	<b>31,604</b>
Change (%)	32.7	22.1	31.0	38.6	21.6	9.3	22.9	21.3
<b>EBITDA</b>	<b>1,152</b>	<b>1,434</b>	<b>1,806</b>	<b>2,889</b>	<b>3,727</b>	<b>4,431</b>	<b>5,602</b>	<b>6,953</b>
EBITDA Margin (%)	16.0	16.3	15.7	18.1	19.2	20.9	21.5	22.0
Depreciation	157	173	220	316	498	633	759	840
<b>EBIT</b>	<b>995</b>	<b>1,261</b>	<b>1,586</b>	<b>2,573</b>	<b>3,229</b>	<b>3,798</b>	<b>4,843</b>	<b>6,113</b>
Interest	185	199	218	118	97	91	54	0
Other Income	104	51	82	158	420	341	320	401
Extraordinary items	0	321	0	0	0	0	0	0
<b>PBT</b>	<b>914</b>	<b>1,434</b>	<b>1,450</b>	<b>2,613</b>	<b>3,552</b>	<b>4,048</b>	<b>5,110</b>	<b>6,513</b>
Tax	263	398	477	733	1,093	1,174	1,431	1,824
Tax Rate (%)	28.8	27.8	32.9	28.1	30.8	29.0	28.0	28.0
Min. Int. & Assoc. Share	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>651</b>	<b>1,036</b>	<b>973</b>	<b>1,880</b>	<b>2,459</b>	<b>2,874</b>	<b>3,679</b>	<b>4,689</b>
<b>Adjusted PAT</b>	<b>651</b>	<b>804</b>	<b>973</b>	<b>1,880</b>	<b>2,459</b>	<b>2,874</b>	<b>3,679</b>	<b>4,689</b>
Change (%)	55.4	23.5	21.0	93.2	30.8	16.9	28.0	27.5

Balance Sheet						(INR Million)		
Y/E Mar	2011	2012	2013	2014	2015	2016E	2017E	2018E
Share Capital	112	125	136	136	137	137	137	137
Reserves	2,025	3,129	5,182	6,809	8,828	11,119	14,049	17,823
<b>Net Worth</b>	<b>2,137</b>	<b>3,254</b>	<b>5,317</b>	<b>6,945</b>	<b>8,965</b>	<b>11,256</b>	<b>14,186</b>	<b>17,960</b>
Debt	2,383	2,468	2,172	1,223	1,148	1,348	0	0
Deferred Tax	326	329	483	437	369	369	369	369
<b>Total Capital Employed</b>	<b>4,846</b>	<b>6,051</b>	<b>7,972</b>	<b>8,605</b>	<b>10,481</b>	<b>12,972</b>	<b>14,554</b>	<b>18,329</b>
Gross Fixed Assets	3,617	4,160	6,178	6,829	7,050	11,050	12,300	13,550
Less: Acc Depreciation	1,076	1,185	1,398	1,563	1,724	2,357	3,116	3,956
<b>Net Fixed Assets</b>	<b>2,541</b>	<b>2,975</b>	<b>4,781</b>	<b>5,267</b>	<b>5,326</b>	<b>8,693</b>	<b>9,184</b>	<b>9,594</b>
Capital WIP	335	810	605	425	1,332	318	208	32
Investments	5	5	5	5	5	5	5	5
<b>Current Assets</b>	<b>3,760</b>	<b>4,226</b>	<b>5,956</b>	<b>7,482</b>	<b>9,668</b>	<b>10,010</b>	<b>12,695</b>	<b>16,872</b>
Inventory	1,410	1,788	2,418	3,188	3,782	3,875	4,729	5,694
Debtors	1,750	1,722	2,625	2,568	3,826	3,776	4,640	5,628
Cash & Bank	70	94	161	438	341	297	851	2,580
Loans & Adv, Others	530	622	752	1,289	1,719	2,062	2,475	2,970
<b>Curr Liabs &amp; Provns</b>	<b>1,794</b>	<b>1,965</b>	<b>3,375</b>	<b>4,574</b>	<b>5,851</b>	<b>6,054</b>	<b>7,538</b>	<b>8,174</b>
Curr. Liabilities	1,660	1,781	3,151	4,251	5,437	5,232	6,502	7,829
Provisions	133	184	224	324	413	822	1,036	345
<b>Net Current Assets</b>	<b>1,966</b>	<b>2,261</b>	<b>2,581</b>	<b>2,908</b>	<b>3,817</b>	<b>3,956</b>	<b>5,157</b>	<b>8,698</b>
<b>Total Assets</b>	<b>4,846</b>	<b>6,051</b>	<b>7,972</b>	<b>8,605</b>	<b>10,481</b>	<b>12,972</b>	<b>14,554</b>	<b>18,329</b>



## Financials and Valuations

### Ratios

Y/E Mar	2011	2012	2013	2014	2015	2016E	2017E	2018E
<b>Basic (INR)</b>								
EPS	5.8	6.4	7.2	13.8	18.0	21.0	26.9	34.3
Cash EPS	7.2	7.8	8.8	16.1	21.6	25.7	32.5	40.5
Book Value	19.1	26.0	39.2	51.0	65.6	82.4	103.9	131.5
DPS	0.4	0.9	1.0	2.0	2.5	3.5	4.5	5.5
Payout (incl. Div. Tax.)	9.0	14.0	16.2	17.0	16.9	20.3	20.4	19.5
<b>Valuation(x)</b>								
P/E				41.6	31.9	27.3	21.3	16.7
Cash P/E				35.6	26.5	22.4	17.7	14.2
Price / Book Value				11.2	8.7	7.0	5.5	4.4
EV/Sales				4.9	4.1	3.7	3.0	2.4
EV/EBITDA				27.3	21.2	17.9	13.8	10.9
Dividend Yield (%)				0.3	0.4	0.6	0.8	1.0
<b>Profitability Ratios (%)</b>								
RoE	35.3	29.8	22.7	30.7	30.9	28.4	28.9	29.2
RoCE	29.1	25.6	25.3	34.9	39.9	36.4	38.5	40.5
<b>Turnover Ratios (%)</b>								
Asset Turnover (x)	1.5	1.4	1.4	1.8	1.8	1.6	1.8	1.7
Debtors (No. of Days)	83	68	79	56	69	62	62	62
Inventory (No. of Days)	122	133	131	126	124	120	120	120
Creditors (No. of Days)	144	132	171	169	178	162	165	165
<b>Leverage Ratios (%)</b>								
Net Debt/Equity (x)	1.1	0.7	0.4	0.1	0.1	0.1	-0.1	-0.1

### Cash Flow Statement

(INR Million)

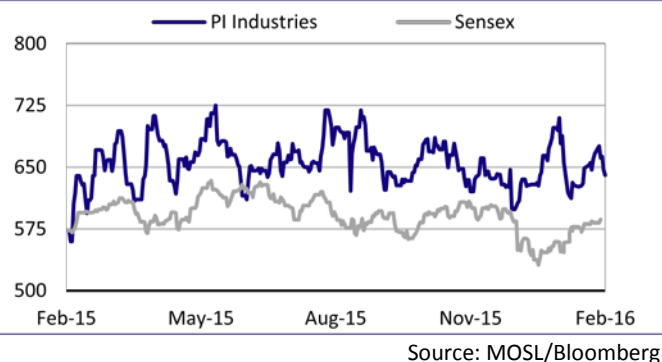
Y/E Mar	2011	2012	2013	2014	2015	2016E	2017E	2018E
Adjusted EBITDA	1,152	1,434	1,806	2,889	3,727	4,431	5,602	6,953
Non cash opr. exp (inc)	77	331	20	19	197	341	320	401
(Inc)/Dec in Wkg. Cap.	-839	-390	-425	-81	-971	-184	-646	-1,812
Tax Paid	-180	-400	-380	-743	-1,195	-1,174	-1,431	-1,824
Other operating activities	0	69	0	104	83	0	0	0
<b>CF from Op. Activity</b>	<b>210</b>	<b>1,044</b>	<b>1,020</b>	<b>2,188</b>	<b>1,841</b>	<b>3,415</b>	<b>3,846</b>	<b>3,717</b>
(Inc)/Dec in FA & CWIP	-969	-1,091	-1,510	-640	-1,685	-2,986	-1,140	-1,073
<b>Free cash flows</b>	<b>-758</b>	<b>-47</b>	<b>-490</b>	<b>1,548</b>	<b>156</b>	<b>429</b>	<b>2,705</b>	<b>2,644</b>
(Pur)/Sale of Invt	0	0	0	0	0	0	0	0
Others	20	51	105	179	274	0	0	0
<b>CF from Inv. Activity</b>	<b>-949</b>	<b>-1,040</b>	<b>-1,405</b>	<b>-461</b>	<b>-1,412</b>	<b>-2,986</b>	<b>-1,140</b>	<b>-1,073</b>
Inc/(Dec) in Net Worth	0	-28	1,187	40	38	0	0	0
Inc / (Dec) in Debt	946	359	-402	-1,097	-153	200	-1,348	0
Interest Paid	-177	-212	-251	-115	-111	-91	-54	0
Divd Paid (incl Tax) & Others	-15	-100	-82	-279	-300	-583	-749	-915
<b>CF from Fin. Activity</b>	<b>754</b>	<b>20</b>	<b>452</b>	<b>-1,451</b>	<b>-526</b>	<b>-474</b>	<b>-2,151</b>	<b>-915</b>
<b>Inc/(Dec) in Cash</b>	<b>16</b>	<b>24</b>	<b>67</b>	<b>276</b>	<b>-96</b>	<b>-45</b>	<b>555</b>	<b>1,729</b>
Add: Opening Balance	54	70	94	161	437	341	297	851
<b>Closing Balance</b>	<b>70</b>	<b>94</b>	<b>161</b>	<b>437</b>	<b>341</b>	<b>297</b>	<b>851</b>	<b>2,580</b>

## Corporate profile

### Company description

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

### Exhibit 1: Sensex rebased



### Exhibit 2: Shareholding pattern (%)

	Sep-15	Jun-15	Sep-14
Promoter	58.4	58.4	58.4
DII	8.8	8.5	7.4
FII	17.0	17.5	19.1
Others	15.9	15.7	15.1

Note: FII Includes depository receipts Source: Capitaline

### Exhibit 4: Top management

Name	Designation
Salil Singhal	Chairman & Managing Director
Mayank Singhal	Managing Director & CEO
Naresh Kapoor	Company Secretary

Source: Capitaline

### Exhibit 6: Auditors

Name	Type
Grant Thornton India LLP	Internal
K G Goyal & Co	Cost Auditor
R S Bhatia	Secretarial Audit
S S Kothari Mehta & Co	Statutory

Source: Capitaline

### Exhibit 3: Top holders

Holder Name	% Holding
Cartica Capial Ltd.	5.7
ICICI Prudential Value Discovry Fund	3.0
Axis Mutual Fund Trustee limited Ac Axis Mutual Fund A/c Axios Long Term Equity Fund	2.1
Oppenheimer International Small company Fund	1.9
Rowanhill Investments Ltd.	1.5

Source: Capitaline

### Exhibit 5: Directors

Name	Name
Anurag Surana	D Venkatrao S Sohoni
Narayan K Seshadri	Pravin K Laheri
Ramani Narula	Rajnish Sarna

### Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	21.0	21.4	-2.1
FY17	26.9	27.6	-2.5
FY18	34.3	33.7	1.7

Source: Bloomberg

NOTES

## Disclosures

This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company(ies) and/or sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred to as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of MOST which may include earnings from investment banking and other business.

MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOST and its affiliated company(ies), their directors and employees and their relatives may: (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOST even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. Most and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1% at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) is, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

### Disclosure of Interest Statement

### PI INDUSTRIES LTD

- Analyst ownership of the stock
- Served as an officer, director or employee

No  
No

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com) and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>

### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.

### For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons.

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal Capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal Capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors."

Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

### For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act (FAA) read with regulation 17(1)(d) of the Financial Advisers Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.

In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

#### Kadambari Balachandran

Email : [kadambari.balachandran@motilaloswal.com](mailto:kadambari.balachandran@motilaloswal.com)

Contact : (+65) 68189233 / 65249115

Office Address : 21 (Suite 31), 16 Collyer Quay, Singapore 04931



## Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: [reports@motilaloswal.com](mailto:reports@motilaloswal.com)