PI Industries Limited

Q4 & FY25 Earnings Conference Call Transcript

May 20, 2025

Moderator: Ladies and gentlemen, good day, and welcome to PI Industries Limited's Q4 FY25 Earnings Conference Call.

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, Mr. Solanki.

Nishid Solanki: Thank you. Good afternoon, everyone. And thank you for joining us on PI Industries' Q4 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
- Dr. Atul Gupta, CEO, Exports
- Mr. Prashant Hegde, CEO, Domestic Brands and
- Dr. Ramesh Subramanian, Global CEO, PI Health Sciences

We will begin the call with key perspectives from Mr. Singhal. Following that, Mr. Agarwal will share his views on the financial performance. Thereafter, the forum will be open for question-and-answer session.

Before we begin, I would like to underline that certain statements that may be made on today's conference call may be forward-looking in nature and the 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. Thank you and over to you, sir.

Mayank Singhal: Yes, thanks and good afternoon. Thank you everyone and good afternoon to all present. I aim to discuss our operating environment and provide updates on our strategic initiatives to enhance our global position as a leader in technology, research, and manufacturing in the life science arena.

Let me start by providing a brief perspective on the industry scenario.

While the overall global crop protection market continued to expand, challenges emerged in the form of extreme climate change events, commodity price volatility, tighter regulations, softer farmer sentiment, and pricing pressure, which weighed on the pace of growth. The industry is steadily pivoting toward more sustainable practices, with growing investment and innovation in biologicals, precision agriculture, and digital farming tools. In recent months, trade flows have been impacted by tariff wars. However, the mid-to long-term outlook remains positive, driven by a rising need for higher agricultural productivity, greater resilience against climate-related threats, and a faster shift toward sustainable inputs.

Domestically, signs of volume growth have been observed, driven by early Kharif sowing activities and a favourable monsoon indication. The adoption of biologicals gained further momentum, aligning with broader sustainability trends. Nevertheless, price realizations remained under pressure due to global oversupply, increased generic competition, and declining raw material costs. The sector's growth trajectory will increasingly be influenced by innovation in differentiated solutions and a shift towards sustainable crop protection practices, and supportive policy measures.

Amid this business environment, outsourcing remains a strategic imperative for multinational companies. In the agrochemical industry, cost efficiencies, supply chain diversification, and the need for stronger regulatory compliance are driving innovators to outsource manufacturing to India.

In the pharmaceutical industry, outsourcing is increasingly aligned with high-value, complex segments driven by the need for regulatory and scalability.

Both sectors are shifting towards deeper, long-term partnerships as companies prioritise resilience, operational efficiency, and with focus on technology and innovation.

We are targeting growth opportunity in agrochemical CSM, with an expanded addressable market size of $15 billion to $20 billion in innovative products.

In parallel, we are actively positioning ourselves to capture value across the multi-billion-dollar markets of pharmaceuticals, CRDMO, electronic chemicals and biologicals.

This is well in line with our transformation from an agricultural sciences company to a life sciences company.

Once again, PI Team has yet again delivered commendable performance in the Q4 and FY25 as a whole given the environment. Our Standalone performance for FY25 features ~6% growth in revenue, 17% growth in EBIDTA, broadly in line with our guidelines. The consolidated financials were marginally lower due to developmental spends in the new businesses.

During FY25, our Agchem exports have continued to show improvement with ~5% growth YoY, which is in line with our plans. This growth is mainly driven by new products commercialized over the last few years with ~31% growth which we've been able to achieve YoY in this area. Over the past 3 years alone we have commercialised over 15 molecules. Our pipeline remains robust, with approximately 50% of new enquiries being non-agricultural chemical molecules.

Moving on to the domestic operations, in Q4, our strong domestic brands led the growth with ~21% YoY growth. Our steadfast focus on product mix and crop solutions approach has yielded the desired results. Our biologicals range showed a strong 20% growth over the prior year, which has already been at a very high growth rate over the last 3 years. Domestically, we introduced 7 new brands in this year. Further, we have a pipeline of over 20 products at various stages of development to be introduced over the years.

So, while our core business mix assures us of sustained traction for the coming years, the development of new verticals will contribute to future performance as we are transforming from a pure agchem leader to a life sciences powerhouse and aiming to be a global technology platform leader in the biologicals space and also becoming a differentiated CRDMO player in Pharma.

While we continue to build a fully integrated Pharma CRDMO platform to provide world-class solutions, with the combination of high-quality assets across R&D, Kilo/Pilot and commercial-scale manufacturing and now with an excellent leadership team, we are looking at an accelerated pathway to look for growth. During the year, we have upgraded and added to our asset base across geographies in alignment to our strategy to meet our customer requirements.

Moving on to Biologicals, this category of offerings has added experience at the fastest growth rate in the recent times, out performing the industry. Our acquisition of Plant Health Care having specialization in Peptides marks a significant step with an intent to becoming a platform technology-based biologicals product solutions and biologicals company to serve the global markets. This is very much in line with our purpose of building healthier planet.

We are also making good progress on our proprietary offerings. We, as PI, our 1st NCE from India which is currently in midst of Phase 3 trials. We are evaluating partnerships across the world and developing regulatory data. Additionally, our R&D programs are giving us some positive progress in leads to build a pipeline with exciting outcomes.

These initiatives are perfectly aligned to strengthen our position as a leading technology leader and manufacturing powerhouse and bring new opportunities in partnership model across globe.

We remained the leader within the chemical industry in ESG. Having achieved the claims, we are proud to have retained our listing in the prestigious S&P Global Sustainability Yearbook for the second time in 2025, which speaks volume of our ESG journey. While global industry navigates, trajectory headwinds and general business dynamics remain uncertain, we maintain our growth outlook, expecting the broader sentiments to improve in the second half of the year.

We are confident in the long-term prospects of growth outlooks, our investments in new capabilities, capacities across the business lines at a global level remain on track, setting the stage to deliver a vision. With this, thank you to all of you for joining the call.

I would now like to hand over the discussion to our Group CFO, Sanjay. Thank you very much and over to you Sanjay. Thank you.

Sanjay Agarwal: Thank you, Mr. Singhal. Good afternoon, everyone on the call today. I will summarise the Company's financial highlights for the fourth quarter ended 31st March, 2025. Please note that all comparisons are on a YoY basis and refer to consolidated performance.

To share the performance highlights, during Q4 FY25, we reported revenue of Rs. 17,871 million, a growth of 3% over the same period of last year (on a 3-year CAGR basis the growth is 9%). While there is a decline in Agchem Exports, the Volume is up by 7% and new products growth is 23% YoY due to the scale up of products commercialized over the last 3 years.

Our domestic branded revenue grew by 21% YoY supported by a strong rabi season, marked by increased acreages in wheat, rice and pulses. The pharma business also had a strong sequential revenue growth of 33% to Rs 850 million in Q4 FY25.

In spite of development expenses of Pharma and PHC, our consolidated EBITDA grew by 3% and remained at healthy 25.6% due to good product mix and tight overheads management.

Let me also cover the performance for the full year FY25.

Revenue was Rs. 79,778 million, a growth of 4% over the same period of last year (3-year CAGR of 15%). New launches and biologicals remained key feature of FY25.

Agchem Export revenue grew by 5%, new products growth is 31% YoY and Domestic branded revenue grew by ~6% (Volume up ~9%). So, momentum for launches of new innovative products has continued with 7 new products launched during this year with a crop solution approach and similarly biological business on a yearly basis grew by 20%.

On a consolidated basis, the EBITDA grew by 8% for the full year to 27.4%. On a standalone basis, EBITDA grew by 17% and Pat grew by 8%.

On a consolidated basis, the profit is marginally down by 1% at Rs. 16,602 million, impacted slightly due to a higher ETR at 22.5% v/s 11.2 in the last year. We expect ETR to be in the range of 22% - 23% for the next 2-3 years.

The Trade working capital in terms of Days of Sales has increased to 73 days while better inventory management has led to reduction in inventory day from 62 days to 45 days.

Our balance sheet further strengthened during the year. Our Networth increased to Rs. 101,570 million and healthy net cash balance of Rs. 40,926 million.

In summary, our healthy financial performance, leading to stable cash flows provide us the flexibility to continue with the growth plans. And our CAPEX spends allocating additional capital towards our future growth engines in PIHS, our pharma business, and PHC, our global biological franchise. This gives us confidence to have a focused growth.

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

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Rohit Nagaraj with B&K Securities. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and glad to hear that the NCE has moved to Phase-3. Just one question on the NCE PIOXANILIPROLE in terms of what is the time to commercialize that we are looking at and how much have we already invested in terms of R&D and how much incremental R&D investments are likely to undergo for this NCE? Thank you.

Rajnish Sarna: Maybe I will take that. So as we explained, we are right now in the process of regulatory data development, evaluation, and also application preparation. We expect to commercialize in the very first country in the next couple of years. As regards to the second part of your question about the investment, etc., this is not in front of us. And also it is very confidential data. So I hope this information helps you.

Rohit Nagraj: Thanks. The second question in terms of what is the composition of the new high growth molecules in Ag-Chem CSM by the end of FY25? And similarly, a composition of biologicals in our domestic branded business at the end of FY25. Thank you.

Sanjay Agarwal: When we are talking about new product launches and their contribution to our Ag-Chem export business is around 15% to 18%. And similarly, the biologicals business to our Ag-Chem brands business accounts for around 18% to 20%.

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

Vivek Rajamani: Hi, sir. Thank you so much for the presentation. Just continuing with the question on the new products in your portfolio. For FY25, they have grown at about 30% plus. How should we be thinking about the growth of these new molecules in FY26 or even FY27? And sir related question, these new molecules grew about +40% into 2Q and 3Q and about +20% odd in the remaining two quarters. So any thoughts with respect to if there is the functionality element here would also be super helpful. Thank you.

Sanjay Agarwal: Yes, for the next Financial Year also, we can have a similar new product pipeline of molecules getting commercialized, 15 products got commercialized in the last 3 years and will continue with the same momentum of new products adding to the topline growth and giving us stable margins on that.

Vivek Rajamani: Sure sir, that is helpful. And anything with respect to seasonality or it would just be equally spaced.

Mayank Singhal: Well, this is a seasonal industry and as you will see over the years, quarter to quarter variation always happens. It depends on demand, supply, market situation, positioning. So yes, that will continue to happen. That's the DNA of this business.

Vivek Rajamani: Sure, sir. And just a clarification, if you are going to continue the same momentum on these new molecules, would it be fair to say that the 15% to 18% of contribution that we have as of this year, that number could probably be maybe north of 20%-25% by the end of next year? Would that be a fair assumption?

Mayank Singhal: Well, I would not put it as a mathematical computation, but yes, because there's a variation volumewise and multiple things come together. But our objective is to continue to increase this portfolio because some products come in and some drop out. That's way it works.

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

Abhijit Akella: Yes, thank you so much and good afternoon. The gross margins this quarter seem to be really strong, almost at record levels, despite the fact that there has been some price cuts in the CSM business as we alluded to in the presentation. So just sort of wondering what's behind the really strong gross margins. And with regard to the EBITDA margin outlook for FY26, what's the range we should work with? I mean, this quarter we reported 26%, but the full year was 27%. So what's the right number to work with for next year?

Mayank Singhal: So if you were to look at it, again, quarter-to-quarter would not be the right way to look at numbers. But yes, the margins vary based on product mix. As we indicated earlier, we continue to keep those guidelines around 25% as our EBITDA margins on a long-term sustainable basis. As we have indicated clearly, product mix, strong growth in domestic business and continuing to look at the margin improving going forward as indicated

Abhijit Akella: Okay, thank you. And the other thing was just on the couple of data points, if I may, for Mr. Agarwal. One was what was the pharma EBITDA loss for FY25? We've given the PBT loss, but it will be possible to just share the number at the EBITDA level. And the presentation states that there's this target of aspirational target of increasing the biological revenues 5x in 5 years. So where those revenues stand at present and therefore, where do they go in the next 5 years? Thank you so much.

Sanjay Agarwal: EBITDA loss for the full year for pharma business has been in the range of around Rs. 180 - Rs. 190 crore.

Abhijit Akella: The biologic revenues, what is the amount right now at present?

Sanjay Agarwal: We spoke about it, that the biological India business contributes around 18% - 20% of our India agri-brands business.

Abhijit Akella: Yes. But the presentation says we want to increase it 5x in the next 5 years.

Mayank Singhal: Yes, so it is clearly what we are looking at, you asked two questions, I think the biologicals. One is what is that you are looking at, it's already stated as 5X. Clearly, today we are at something around Rs. 250 crore right now. This would probably move up to 5x, it will be Rs. 1,000 to Rs. 1,200 crore in the next 5 years.

Moderator: Thank you. Next question comes from the line of Ankur Periwal with Axis Capital. Please go ahead.

Ankur Periwal: Hi sir, thanks for the opportunity. First question on the margin outlook for us. Now as I understand pharma losses are expected to go down as we look to ramp up this business over the coming FY26 or 2-3 years. At the same time the Ag-Chem business is going to see more launch of new products, which presumably will be a better margin and still we are maintaining our overall guidance at the same level as FY25. Is it that there is some bit of pricing pass through or maybe some pressure that we are seeing in the older products or if you can help your thoughts over there?

Mayank Singhal: To be very honest, the investments and overheads which are being built up, so ratios are different, but on a global blended basis, we've indicated where we are looking in terms of margins. And that's what the company will continue to maintain.

Ankur Periwal: Okay, fair enough.

Mayank Singhal: At the same time, I think just to appreciate that the company is investing hugely to build a global footprint in biologicals and in pharma and cost of running global organizations from a different cost structure. So taking all those blends and building up to create the next place, to be in the Life science place, there are investments both in human capital and other areas.

Ankur Periwal: Sure sir. Secondly, on the pharma business, while we are targeting a much sharper sort of revenue growth going ahead, will we need an incremental FDA approved or maybe a bigger production facility for this business to ramp up? Or that is still some time away and probably nominal CAPEX will do here?

Mayank Singhal: Clearly, I think is a step by step approach. We have assets which have been upgraded with investments.. And as you see things turn their shape, we'll definitely be looking to scale up as we have ambitions to put a huge number in scale to go to this business.

Ankur Periwal: Sure, sir. Just one last bit, a bookkeeping one. So in the balance sheet, we have contract assets of around Rs. 430 odd crore, which was around Rs. 150 - Rs. 160 crore last year. If you can just highlight what exactly is that for?

Sanjay Agarwal: Yes, so these are standard industry practice of having any contracts where the goods have not been delivered before the cutoff date. So these are specific contracts where the goods are produced for a particular customer, and which are subsequently been shipped out in the next subsequent months.

Ankur Periwal: Sure. Agarwalji, is this for pharma or for the Ag-Chem export bit?

Sanjay Agarwal: It will be in both the businesses.

Moderator: Thank you. Next question comes from the line of S. Ramesh with Nirmal Bang Equities. Please go ahead.

S. Ramesh: Thank you and good evening. In the pharma business, when you are looking at improvement in margins, is it possible to share what is the kind of improvement in gross margin you can expect from the 52% in FY25? And in terms of the run rate for the overheads at Rs. 306 crore in FY25, do you see this stabilizing at these levels with marginal inflation rate increase, or would you see further increase in overheads?

Sanjay Agarwal: In this particular Financial Year we had unfortunately some one-offs which we had to take care of it. Going forward, what I can say at this point in time, the business is built with gross margins of around 60%-65%. And with the scale up of the revenue, the operating leverage will start kicking in and we should have better profitability at the bottom-line too.

S. Ramesh: So can you share what is the one-off impact of the old inventory write-off, which has increased overheads?

Sanjay Agarwal: So It will be difficult for me to give you the exact numbers, but the current overheads have development spends, also as we spoke in the Q2, we had one particular customer where we had to take a doubtful debt provision and some other one-off costs, which impacted this year, which led to a higher overheads in this Financial Year, which we do not think would be there in the times to come.

S. Ramesh: Okay, so on the domestic business with the current run rate of around Rs. 1400 crore, what is the kind of potential you see or when do you think you can say go to over Rs. 2000 crore because a lot of small peers are already at Rs. 1,700 - Rs. 2,000 crore and you have so many new products being launched. So what is the kind of direction you are seeing this business heading towards over the next 2-3 years?

Mayank Singhal: Domestic business is about Rs. 1,500 crore to Rs. 1,600 crore but it's pure brand business whereas when you are comparing to other smaller players, they also have technical and B2B business and exports. we are looking at a 15%-20% growth which is 2x of the industry average growth.

Moderator: Thank you. The next question comes from the line of Saurabh Jain with HSBC. Please go ahead.

Saurabh Jain: Thank you so much for the opportunity. If you can give some more insights into your guidance. When you say a single digit growth guidance, so that kind of implies a broad range from 1% to 9%. Is there a possibility you can give a sense on whether it's going to be a mid-single digit or high single digit kind of guidance? That's my first question.

Mayank Singhal: We are looking for mid single digit level growth this year given the industry headwinds and the uncertainties of the climatic situation. As we said, we would definitely see some positive trends coming in H2, but that's where we stand for now, and we will keep that outlook for the present.

Saurabh Jain: And when you say H2, do you mean by calendar year or it's going to be the Financial Year?

Mayank Singhal: Financial year.

Saurabh Jain: Okay, understood. Is it possible to also give a sense on how do you see the exports v/s domestic in terms of your guidance, both business scoring by single digit or I presume domestic would be higher?

Mayank Singhal: Yes, we would see a good growth in the domestic business. As you are very well aware, the global headwinds, that's the areas are still under challenges from the export front. But we believe that from H2, the export business would start picking up well with the launch of our new products and the growth in those areas.

Saurabh Jain: Okay, thank you. My second question is related to CAPEX. The Rs. 925 crore of CAPEX, this includes the amount that we paid for PHC acquisition, right?

Sanjay Agarwal: No, this is only the fixed asset addition. So there is a small minor amount which has been added to the consol level arising from the PHC acquisition, but primary relates to the CAPEX what we have done at PI and PIHS.

Saurabh Jain: Understood. And one final bit, on the acquisition side, can you give us a direction in terms of how much of the CAPEX you are directing towards your legacy Ag-Chem portfolio? Does it share a major part of the CAPEX or it has moderated? Any insights would be very useful?

Mayank Singhal: No, I am not very clear of the question, what do you mean by legacy Ag-Chem portfolio CAPEX?

Saurabh Jain: The key products in the portfolio which you export for the last few years which are some sort of headwinds now, most products are you committing more CAPEX incrementally or is slowing down. Any sense on that side, please?

Mayank Singhal: No, I think the company looks at CAPEX based on what are the requirements of the business, business plans or the commitment, partners outlook in the product and value efficiency drivers and typically the existing products and all the assets which need constant upgradation, improvements in all those areas. So that is mixed bag, and that is typically the CAPEX, but when we build the assets, we are both strategically investing for building our new offerings and our new product solutions.

Moderator: Thank you. Next question comes from the line of Madhav Marda with Fidelity. Please go ahead.

Madhav Marda: Hi, good afternoon. Thank you so much for your time. Sir, one question, I think we have NCE which you said has reached Phase-3 trials. Just wanted to understand that if you will be launching our own branded product in the market, does that create like a longer-term conflict of interest with our existing model which has been a more contract manufacturing CSM model and we partner with?

Mayank Singhal: I am not certain how do you look at this as conflict of interest because we are, in any case, at PI doing branded sales**,** contract manufacturing, innovation. The unique point of our capability at the global level is partnerships across the value chain. Actually, this gives us the total sum of the business partners strengthening our relationships from being innovator to the market as a co-creator to develop this business, so I don't really see that as a challenge.

Madhav Marda: I just asked because our branded business is more focused than India, whereas our exports used to be more contract manufacturing driven, so that is why the question got it?

Mayank Singhal: The same way for these products we will work with partners for global markets and handle local market ourselves, so that is all the same approach.

Moderator: Thank you. Next question comes from the line of Krishan Parwani with JM Financial. Please go ahead.

Krishan Parwani: Thank you for the opportunity. Couple from my side, with strong 75% growth in the pharma business, do you expect pharma business will turn EBITDA positive in FY26 or if not in FY26, then when?

Sanjay Agarwal: Yes. So, this one will take time. It is not easy to give you a number. Definitely, it will take time over next few years because as we are scaling up, the developmental spend will also go up. So while EBITDA breakeven is on the horizon, but it will definitely take more time, not in FY26.

Mayank Singhal: Yes, very clearly over the next FY26, FY27, FY28, we should see the positive trends of this business very clearly.

Krishan Parwani: Got it. And on PIOXANILIPROLE, the new NCE, just wanted to understand which major crop would this insecticide be used on and which is the first country you intend to commercialize it?

Mayank Singhal: Well, this is diamide chemistry, so we will be looking at the multi-crop application and obviously the objective would be to see if we can get India first, but while we are working with 2 or 3 countries with partner's application. So it depends on how the regulatory framework works.

Krishan Parwani: Noted. And one final bit on the CAPEX, how much CAPEX will you be incurring in FY26, it could get done like breakdown of agro and pharma, please?

Mayank Singhal: Well, there is no breakdown we would have, but CAPEX in the manufacturing would be around that same area, right now about Rs. 800 - Rs. 900 crore in the similar ratio that we had last year.

Moderator: Thank you. Next question comes from the line of Sumant Kumar from Motilal Oswal Financial Services Limited. Please go ahead.

Sumant Kumar: Hi, sir. Sir, can you comment on EBITDA margin guidance for FY26?

Sanjay Agarwal: We would be looking at in the range of around 25%.

Sumant Kumar: So now compared to FY25, do we have any expansion from here?

Sanjay Agarwal: see When we are looking at the next 12 months down the line, there are investments, in new businesses which are going to be a growth engine.So I think for now it is better to take around 25%. .

Mayank Singhal: Our guided line and we continue with that.

Sumant Kumar: And any CAPEX for FY26 - FY27 and tax rate guidance?

Sanjay Agarwal: FY25-26 CAPEX should be in the range of around Rs. 800 - Rs. 900 crore and the effective tax rate should be around 23%.

Sumant Kumar: Thank you so much.

Moderator: Thank you. Next question comes from the line of Riju Dalui with Antique Stock Broking. Please go ahead.

Riju Dalui: Hi sir, thanks for the opportunity. So my question regarding in terms of the guidance that you have provided, so the growth that you were expecting, so it is mainly driven by the volume or kind of price increase you are expecting.

Mayank Singhal: If you see the Domestic branded revenue performance of last year up - 9% volume growth, 6% on value growth. As the prices are looking to stabilize, volume will definitely grow and that balance should remain dependent on how the market reacts, this is more of like a straight-line walk. But as you know, as sometimes prices go down, volumes pick up, prices go up, volume go down.

Riju Dalui: Understood that. And in terms of your degrowth in Q4 and as you reported in the presentation, so what I believe is that there was a strong growth in volumes and which was partially offset by the realization growth, so like how are they paying product prices currently and how do you see going forward those prices?

Mayank Singhal: Sorry, in which segment?

Riju Dalui: In terms of Ag-Chem exports?

Mayank Singhal: Well, the segments, I think as you would appreciate that the Ag-Chem, we are continuing to grow, our new product pipeline growth is at 30% odd. And if you look at the products in the individual areas, which areas, which segments, those are with the customers, so broadly that strategic move continues to grow, the existing product profile in the same ratio while the other products continued steady state growth rate, yes.

Riju Dalui: That I understood, but like what I wanted to understand is that like during the quarter, Q4 FY25, our AG exports, volume growth was roughly 7%. Correct me if I am wrong. So vis-a-vis like want to expect that there was a sharp decline in the prices. So how do you see the prices going forward?

Rajnish Sarna: Yes, there is obviously some price softening and that is on the basis of input cost softening. So over last 1 to 1.5 year, post COVID, input prices have come down and given our business model of CSM Exports, where these input cost improvements are also passed through and therefore the pricing of some of these existing products have also come down, which is also reflecting in the revenue growth numbers that you were explaining.

Riju Dalui: Understood. Thanks for the clarification. And one last thing, kind of bookkeeping. So if you could tell the order book size that we have currently as on Q4 FY25?

Rajnish Sarna: Est around 1.3 billion USD plus, but we don't have exact number in front.

Moderator: Thank you. Next question comes from the line of Keyur Pandya with ICICI Prudential Life Insurance Company Limited. Please go ahead.

Keyur Pandya: Thank you for the opportunity. Question on the CAPEX for FY25, we have spent around Rs. 800 crore on the organic CAPEX and guidance also remains similar number for FY26 and on the current gross block that suggests that over 2 years, the average expansion, the gross block would be upwards of 15%-17%, whereas our revenue growth is relatively lower. So anything has changed in terms of asset turn or eventually the asset turn has to catch up by higher revenues. So if you can just throw some light on this and the breakup of the CAPEX on domestic, exports and pharma or any colour on CAPEX? Thank you.

Mayank Singhal: As you would understand that we are building a new vertical called pharma, obviously, the CAPEX turns will be lower if we get to a certain scale and size. On the other hand, CAPEX is if you look, these are tactical in nature. In the past, they have always as capacity linked demand and therefore the building capacity is based on certain demands and understanding from our customers of products which are in the pipeline. So we do believe that overall on an average basis of 3 years, we should be able to manage our asset turns in better.

Keyur Pandya: Sir, just one follow up, so sustainably what kind of asset turn at a company level or as a segment wise we should think of and break up of CAPEX in these 3 key subcategories? Thank you and all the best.

Mayank Singhal: The asset turn continues to be at the similar range. I think today we have one of the benchmark asset turns in the industry and we try and continue to manage.

Rajnish Sarna: Yes. anything between 2.2x - 2.5x is what we will consider a sustainable number of asset turn.

Keyur Pandya: And sir, breakup of CAPEX?

Rajnish Sarna: Maybe Sanjay, you can take this. Major CAPEX of this is for our CSM exports and some bit of it will also be for pharma of course. But Sanjay, maybe you can share the breakup, if you have.

Sanjay Agarwal: Yes. So broadly in the Rs. 800 - Rs. 900, when you look at it to around Rs. 100 crore would be in the PIHS, the pharma business and the balance will be in the manufacturing in the Ag-Chem business.

Moderator: Thank you. Next question comes from the line of Himanshu Binani with Anand Rathi. Please go ahead.

Himanshu Binani: Sir, thank you for taking my question. Sir, again on the guidance side basically, so we have been like guiding for a 75% plus sort of like growth in the pharma business and on a consol level, we have been guiding for a single digit sort of growth. We just wanted to have a sense in terms of how one should actually look into the CSM Exports business growth, so how one should actually work with the CSM Exports business growth for FY26?

Sanjay Agarwal: When we look at pharma, it is only 5% of our total business. So that will not move the needle for the whole organization and the whole organization as you already mentioned that it should be in the mid-single digit growth plans for this Financial Year.

Himanshu Binani: Got it, sir. And sir, any sense on the gross margin guidance?

Rajnish Sarna: Yes, this will remain around 50% - 52% depending on the final product mix that we are able to achieve.

Himanshu Binani: Got it, sir. Thank you.

Rajnish Sarna: And for CSM, we have to also keep in mind that for the last 3-4 years, we have been growing at 20% - 25%. So obviously, the base is pretty high. And as we have guided that for next couple of quarters, while the global industry is navigating through this headwind, we certainly believe that from the second-half of FY26, we should be able to again be catching up the growth momentum and that is how it will function.

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

Somaiah V: Hello, thanks for the opportunity, sir. Sir, first question is on margins. So in the domestic side, biological seems to be the next growth engine and then also on the CSM side, your new products is like roughly around 30% as you mentioned. If you could just give some colour on margins in both these businesses, directionally compared to biological v/s existing branded and domestic and new product versus the rest of the other portfolio with CSM that should be helpful?

Mayank Singhal: We don't do individual numbers, but I think broadly as you would know biological products give better margin and for new products, again it is a mixed bag. So that is how it works.

Somaiah V: Got it, sir. Sir also, when we are giving this FY26 guidance, so we have given it for broadly pharma and then we have broken it down. So, what is the thought process for the 70% of the CSM business, which is the not the new products one, what is the volume v/s pricing thought there, you would be, volume that will kind of overtake pricing and then that is how we are looking at, what broad thoughts there?

Mayank Singhal: Well, that is not the right way. As I said, it is a balance between volume and price, but obviously that is going to remain in mind with the industry as we have those mature products and some of new products, so they will work with the market dynamics and that is typically, as I said in this industry, that is the genetics of this industry, that volume or price continue to play differentiator.

Rajnish Sarna: And just to add to this. So obviously, there is portfolio of products, with legacy products, there are new products as we are saying, significant percentage of new products are getting added and they are contributing in the growth. So in fact, pricing also works like that in terms of old products where the input cost is improving, those improvements are passed through, and price reduction happens. But as far as the new products that are being launched where the input costs are sort of stable. There, the pricing trend is different. So, on a blended basis it is not so simple to tell you that pricing will be 5%-10% down and volume will be 15% up or something.

Somaiah V: Sir, also the Ag-Chem CAPEX that you are referring to, any multi-purpose plans that are expected to come this year, next year or is it more of existing facilities we are putting in CAPEX or how does it work?

Mayank Singhal: As we had said in the past, we are doing our CAPEX with two multi-products plants which are under construction. We expect to commission one this year, maybe the next in the beginning of March next year.

Moderator: Thank you. I am promoting the next that is Shivanshu Dubey with Dhruv Investment. Please go ahead.

Shivanshu Dubey: Yes. Congratulations for our great results. Sir, actually I wanted to understand the working capital cycle. Would we expect it to remain in the same number of days?

Sanjay Agarwal: Yes. We have seen a slight increase in our Networking capital in this particular financial year, but inventory days have come down. For the next year, you may consider the range, what we have, so we are at around 73 odd days, the same could be taken around 65-70 days.

Shivanshu Dubey: Sure. And can you also tell us about the new products development that is happening in the Ag-Chem Export with Pyroxasulfone going off patent in, I think mid of 2026 in USA?

Mayank Singhal: Not sure what is that you are looking? Because yes, as we said, the new products over the last few years have been going in the CAGR of 30% and that is really where we are on that product portfolio.

Moderator: Thank you. Next question comes from the line of S Ramesh with Nirmal Bang Equities. Please go ahead.

S Ramesh: Hello. Thank you for the follow up. So when you talk about the target for the bio business, would it all be focused on the domestic market or does it also include some growth from the plant health investment in the subsidiary?

Mayank Singhal: Yes. We have been so far looking at biological play at domestics level but for the next 5 years, it will become a global play.

S Ramesh: And in the pharma business, in your slide 17, you mentioned about improving order book visibility. Is it possible to share the line of sight there in terms of discussions or inquiries, what is the thought process there?

Mayank Singhal: Let me put it this way. Yes, we can give the high level, obviously, you would understand the confidentiality both from a customer name and products from areas that we are working. Ramesh, maybe you would like to give some insights that yes, you have been looked at what you are looking at, but broad line of development. Ramesh, over to you.

R. Subramanian: Yes, sure. We continue to build the pipeline we have over the course of the last year added the early development pipeline, meaning new projects and high single digits and the new on early development and high single digits also on late development that is the pipeline moving forward. We also have on-boarded 2 new big pharma customers and the goal in FY26 is to add another 2 or 3, so that we can have a sound base of big pharma that gives consistent revenue and the biotech give you better margins. That sort of the play that we are progressing with.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Mayank Singhal: Once again, thank you to all of you for participating in the PI Investor Call. We look forward to a positive time going forward and continued support. Thank you.
