

Key product risk manageable

Innovator guided for volume driven growth in key product in FY24 despite price reduction to protect market share. PI doesn't expect any price erosion on the product as it's price for the AI is a fraction of the final retail price. Committed volumes in FY25 provide strong growth visibility. We have lowered FY24/25E EPS 2%/4% on short destocking and project 12% EPS growth in FY25E. Valuation is reasonable at 29x FY25E EPS. Maintain Buy, PT Rs 4,120.

Kumiai guides for vol driven growth in Pyroxasulfone in FY24: Kumiai guided for 3% US \$ value growth in agrochem segment in FY24 (ending Oct-24) driven by volume growth in pyroxasulfone. 1HFY24 will see some destocking with improvement in 2H.

Some price cut to counter generics in FY24: Kumiai will take some price cuts to counter generics. We note that Kumiai has ~94% market share in Australia after 2 years of patent expiry despite introduction of generics by prominent players like Bayer CropScience, Adama, UPL and Nufarm.

PI doesn't expect any price erosion on its supplies of the product: PI works on cost+ basis where its costs are reviewed periodically by the innovator. The pricing contract allows for adjustment of raw material costs only. PI's price for pyroxasulfone AI supplies are a fraction (~15%) of the final retail price of the product. PI expects the price adjustment by the innovator to come out of the marketing margin across the chain rather than its contracted price. It expects to protect margins near current levels in FY25.

Mgmt expects strong volume growth in FY25: Committed offtake currently points to strong volume growth in pyroxasulfone in FY25. The patent on solo pyroxasulfone that accounts for 15% of overall sales volume of the product runs out in the US in Feb-25. Company expects the threat from generics FY26 onwards to be mitigated as 85% of pyroxasulfone sales by volume happen in the form of combinations that are protected by patents in the US market till the end of this decade.

Inorganic growth optionality: PI has net cash of Rs 29bn as of 1HFY24 and has a portfolio heavily weighted towards Japanese innovators. This opens up interesting opportunity to acquire a CSM player with strong innovator relationships in the US/the EU in our view. This could offset the erosion in pyroxasulfone market share/pricing in the medium term.

We expect 12% EPS growth in FY25E, maintain Buy: We lower FY24/25E revenue 2%/4% on account of short destocking cycle. We have cut FY24/25E EPS 2%/4% as a result. We see PI's strong visibility of volumes and steady pricing yielding 12% EPS growth y/y in FY25E. Stock trades at 29x FY25E making risk-reward favorable in our view. Maintain Buy with PT of Rs 4,120 - at 33x fwd PE.

(FY Mar)	2023A	2024E	2025E	2026E
Rev. (MM)	64,920.0	81,864.0	93,263.0	109,533
EBITDA (MM)	15,421.0	19,825.0	22,461.0	25,808.0
Net Profit	12,295.0	15,648.0	17,545.0	20,328.0
EPS	81.04	103.14	115.64	133.99

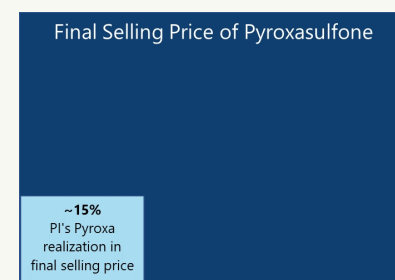
TARGET | ESTIMATE CHANGE

RATING	BUY
PRICE	INR3,363.50*
PRICE TARGET % TO PT	↓ INR4,120 (INR4,290) +22%
52W HIGH-LOW	INR4,010.00 - INR2,870.00
FLOAT (%) ADV MM (USD)	52.1% 1,637.23
MARKET CAP	INR510.3B INR510.3B
TICKER	PI IN

*Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEF			JEF vs CONS	
	2024	2025	2024	2025	
REV	-2%	-4%	NA	NA	
EPS	-2%	-4%	NA	NA	
2024 (INR)	Q1	Q2	Q3	Q4	FY
EPS	-	-	-	-	↓ 103.14
PREV					105.29

Exhibit 1 - Majority of marketing margins of pyroxasulfone is in the pricing chain outside of PI's realizations



Source: Jefferies

Bhaskar Chakraborty * | Equity Analyst

91 22 4224 6113 | bchakraborty@jefferies.com

Niraj Todi * | Equity Associate

+91 22 4224 6148 | ntodi@jefferies.com

The Long View: PI Industries

Investment Thesis / Where We Differ

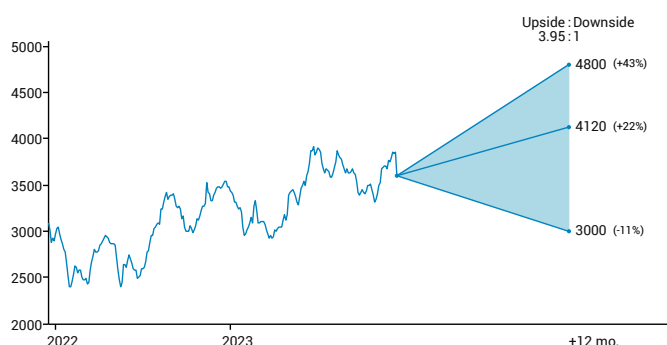
PI Industries is a major player in the agrochemical CDMO space with a strong presence in both domestic and export markets. The company recently diversified into pharma CDMO space.

Pharma entry derisks agrochem concentration, earnings contribution to remain low in the near term.

Global agro chem destocking near-term risk to growth, strong growth of key product could cushion downside.

Expect healthy earnings growth over FY23-26E.

Risk/Reward - 12 Month View



Base Case, INR4120, +22%

Revenue CAGR 19% over FY23-26E on robust outlook on CSM growth

EBITDA margin stable at c.24%

19% EBITDA CAGR and 18% PAT CAGR over FY23-26E

PT Rs 4,120 at 33x fwd P/E

Upside Scenario, INR4800, +43%

Revenue CAGR 22% over FY23-26E, limited impact of generics on key product

25% EBITDA CAGR and 25% PAT CAGR over FY23-26E

PT Rs 4,800 at 40x fwd P/E

Downside Scenario, INR3000, -11%

Revenue CAGR 17% over FY23-26E, higher than expected impact of generics on key product

15% EBITDA CAGR and 15% PAT CAGR over FY23-26E

PT Rs 3,000 at 27x fwd P/E

Sustainability Matters

Top Material Issue(s): **1) Hazardous material/waste management:** Adequate systems and processes are required for handling, storage, and transportation of hazardous material handling and waste disposal. **2) Process design to reduce waste:** Moving to continuous process from batch processes and using reduction at source to lower effluent production.

Company Target(s): **1)** Increase renewable energy usage to 20% of total **2)** Reduce Specific CO2 emission by 25%. **3)** Reduce specific freshwater consumption by 25%. **4)** Reduce landfill Hazardous waste by 25%

Qs to Mgmt: **1)** What process do you follow to track hazardous waste through disposal?

[ESG Sector Integration | Indian Chemicals](#)

Catalysts

Downside Catalysts:

Global agro chem slowdown

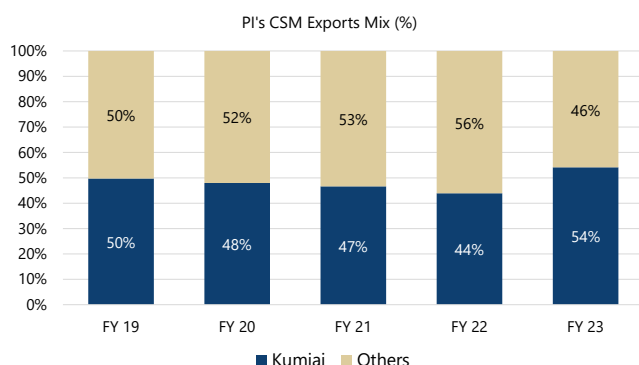
Failure to adhere to environmental standards

Upside Catalysts:

Faster scale up of Pharma business

New inorganic acquisitions

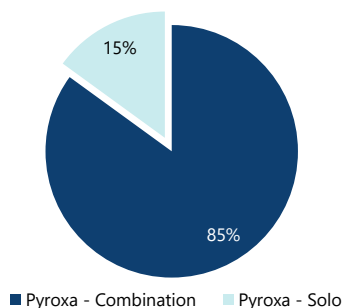
Exhibit 2 - Pyroxasulfone contributes 54% of PI's CSM revenues as of FY23



Source: Company reports, Jefferies

Exhibit 4 - 85% of pyroxa by volumes is patent protected till 2030

Volume share of pyroxasulfone products (%)



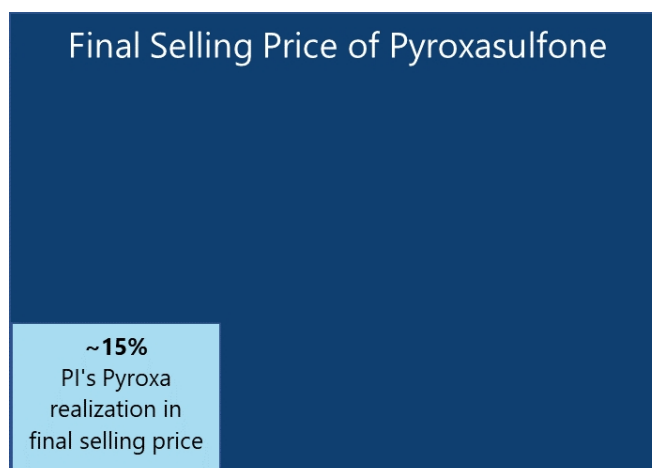
Source: Jefferies

Exhibit 3 - Pyroxasulfone patent expiry timeline across different geographies

Country	Patent Expiry	FY22 Revenue (bn yen)	Revenue share (%)
Australia	2021	11	19%
Argentina	2022	7	12%
USA	2025	28	52%
Brazil	2030	5	8%
India		2	4%
Others		2	4%

Source: Company reports, Jefferies

Exhibit 5 - Majority of marketing margins of pyroxasulfone is in the pricing chain outside of PI's realizations



Source: Jefferies

Exhibit 6 - PI 1-yr fwd consensus PE band chart



Source: Bloomberg, Jefferies

Exhibit 7 - PI Summary Income Statement

(Rs mm)	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Net Revenues	20,963	22,768	22,771	28,409	33,665	45,770	52,995	64,920	81,864	93,263	109,533
Raw Material Costs	(11,585)	(11,632)	(11,690)	(15,502)	(18,474)	(25,712)	(29,228)	(35,527)	(43,946)	(51,590)	(61,161)
Gross Profit	9,378	11,136	11,081	12,907	15,191	20,058	23,767	29,393	37,917	41,673	48,372
Gross Profit Margin (%)	44.7%	48.9%	48.7%	45.4%	45.1%	43.8%	44.8%	45.3%	46.3%	44.7%	44.2%
Staff Costs	(1,931)	(2,226)	(2,431)	(2,647)	(3,209)	(4,169)	(4,804)	(5,266)	(7,040)	(8,021)	(9,420)
Other Operating Expenses	(3,135)	(3,378)	(3,715)	(4,496)	(4,804)	(5,767)	(7,539)	(8,706)	(11,052)	(11,192)	(13,144)
EBITDA	4,312	5,533	4,935	5,764	7,178	10,122	11,424	15,421	19,825	22,461	25,808
EBITDA Margin (%)	20.6%	24.3%	21.7%	20.3%	21.3%	22.1%	21.6%	23.8%	24.2%	24.1%	23.6%
Depreciation and Amortization	(543)	(730)	(830)	(930)	(1,367)	(1,748)	(2,018)	(2,265)	(2,847)	(3,374)	(3,826)
EBIT	3,770	4,802	4,105	4,834	5,811	8,374	9,406	13,156	16,978	19,087	21,982
EBIT Margin (%)	18%	21%	18%	17%	17%	18%	18%	20%	21%	20%	20%
Finance Costs	(96)	(72)	(53)	(50)	(170)	(282)	(128)	(371)	0	0	0
Other Income	355	366	602	595	489	1,249	1,014	1,590	1,576	1,718	2,127
Share of profit of JV/associates	0	(1)	1	0	8	44	36	68	75	82	91
PBT	4,028	5,095	4,655	5,379	6,138	9,385	10,328	14,443	18,629	20,887	24,200
PBT Margin (%)	19.2%	22.4%	20.4%	18.9%	18.2%	20.5%	19.5%	22.2%	22.8%	22.4%	22.1%
Taxes	(913)	(501)	(979)	(1,277)	(1,572)	(2,002)	(1,890)	(2,148)	(2,981)	(3,342)	(3,872)
Current Tax	(909)	(1,035)	(1,001)	(1,176)	(1,246)	(1,689)	(1,847)	(2,592)	(2,981)	(3,342)	(3,872)
Deferred Tax/Others	(4)	534	22	(101)	(326)	(313)	(43)	444	0	0	0
PAT	3,116	4,594	3,676	4,102	4,566	7,383	8,438	12,295	15,648	17,545	20,328
PAT Margin (%)	15%	20%	16%	14%	14%	16%	16%	19%	19%	19%	19%
ROE (%)	30%	33%	21%	19%	19%	19%	15%	18%	20%	19%	18%
ROCE (%)	25%	25%	17%	17%	17%	15%	13%	16%	18%	17%	16%

Source: Jefferies estimates, company data

Exhibit 8 - PI Summary Balance Sheet

(Rs mm)	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Assets											
Non Current Assets											
Gross PP&E	9,222	10,615	11,953	14,734	21,578	26,088	31,039	34,606	48,790	57,020	66,250
Accumulated Depreciation	528	1,239	2,047	2,943	4,240	5,891	7,709	9,662	12,509	15,883	19,709
Net PP&E	8,693	9,376	9,906	11,791	17,338	20,197	23,330	24,944	36,281	41,137	46,541
Capital work in progress	587	583	691	1,544	2,371	2,495	638	625	625	625	625
Goodwill	0	0	0	0	828	828	828	828	828	828	828
Other intangible assets	174	268	285	452	854	890	1,064	1,240	1,240	1,240	1,240
Other non-current assets	471	607	764	852	770	678	2,412	537	537	537	537
Total non current assets	9,926	10,835	11,646	14,639	22,161	25,088	28,272	28,174	39,511	44,367	49,771
Inventories	3,948	4,319	4,520	5,357	7,989	10,528	14,234	13,976	19,064	22,996	27,008
Investments	0	824	1,595	1,119	1,325	8,517	8,547	9,843	10,335	10,852	11,395
Trade receivables	3,978	4,237	5,268	6,618	6,465	7,035	8,687	7,720	9,735	11,090	13,025
Cash and cash equivalents	560	1,326	1,307	892	1,344	14,757	14,102	22,429	20,414	27,106	35,736
Other current assets	1,075	1,472	1,928	2,923	2,964	4,094	4,069	2,655	2,655	2,655	2,655
Total current assets	9,560	12,179	14,618	16,909	20,087	44,931	49,639	56,623	62,204	74,699	89,819
Total Assets	19,486	23,014	26,264	31,548	42,248	70,019	77,911	84,797	101,715	119,066	139,590
Equity and Liabilities											
Equity Share Capital	137	138	138	138	138	152	152	152	152	152	152
Other Equity	11,572	16,134	19,110	22,716	26,053	53,272	61,052	71,833	85,916	101,707	120,002
Total Equity	11,709	16,272	19,248	22,854	26,191	53,424	61,204	71,985	86,068	101,859	120,154
Borrowings	1,224	830	463	99	3,994	2,574	1,699	0	0	0	0
Other financial liabilities	286	399	416	480	956	655	651	781	781	781	781
Deferred tax liabilities (net)	353	0	0	0	102	796	875	213	213	213	213
Total non current liabilities	1,864	1,229	879	579	5,052	4,025	3,225	994	994	994	994
Borrowings	20	0	0	0	1,083	705	979	0	0	0	0
Current maturities of long term debt	0	0	0	0	0	0	0	0	0	0	0
Trade payables	3,661	2,878	3,687	5,130	5,909	7,960	9,242	8,380	11,214	12,776	15,005
Other financial liabilities	1,783	2,228	2,144	2,419	2,970	2,488	1,988	2,230	2,230	2,230	2,230
Other current liabilities	449	408	306	566	1,043	1,417	1,273	1,208	1,208	1,208	1,208
Total current liabilities	5,913	5,513	6,137	8,115	11,005	12,570	13,482	11,818	14,652	16,214	18,443
Total Liabilities	7,777	6,742	7,016	8,694	16,057	16,595	16,707	12,812	15,646	17,208	19,437
Total Equity and Liabilities	19,486	23,014	26,264	31,548	42,248	70,019	77,911	84,797	101,715	119,066	139,590

Source: Jefferies estimates, company data

Exhibit 9 - PI Summary Cash Flow Statement

(Rs mm)	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Cash From Operating Activities											
Cash generated from operations	4,626	4,601	4,157	5,091	8,029	8,896	7,038	17,572	15,631	18,817	22,181
Income tax paid	(958)	(1,212)	(963)	(1,183)	(1,048)	(1,647)	(1,751)	(2,558)	(2,981)	(3,342)	(3,872)
Net Cash From Operating Activities	3,668	3,388	3,194	3,908	6,981	7,249	5,287	15,014	12,651	15,475	18,309
Cash From Investing Activities											
Capital Expenditure	(3,188)	(1,413)	(1,696)	(3,677)	(6,693)	(4,375)	(3,362)	(3,225)	(14,184)	(8,230)	(9,230)
Others	154	(939)	(109)	461	(3,156)	(19,929)	2,258	(1,737)	1,083	1,201	1,585
Net Cash From Investing Activities	(3,034)	(2,351)	(1,805)	(3,216)	(9,849)	(24,304)	(1,104)	(4,962)	(13,101)	(7,029)	(7,645)
Cash From Financing Activities											
Proceeds from issue of shares / Buyback of shares	63	83	19	29	80	19,789	0	0	0	0	0
Net Borrowings	287	(297)	(365)	(399)	4,562	(1,786)	(720)	(2,669)	0	0	0
Payment towards lease liability	0	0	0	0	(215)	(248)	(210)	(683)	0	0	0
Finance costs paid	(101)	(72)	(53)	(50)	(179)	(244)	(85)	(342)	0	0	0
Dividends paid (including Tax)	(725)	(248)	(662)	(831)	(748)	(607)	(758)	(1,137)	(1,565)	(1,754)	(2,033)
Net Cash From Financing Activities	(476)	(534)	(1,061)	(1,251)	3,500	16,904	(1,773)	(4,831)	(1,565)	(1,754)	(2,033)
Net Change in Cash and Cash Equivalents	159	503	328	(559)	632	(151)	2,410	5,221	(2,015)	6,691	8,630

Source: Jefferies estimates, company data

Exhibit 10 - PI Key Ratios Summary

(Rs mm)	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Income Statement											
Earnings Per Share (EPS) (Rs/share)	22.6	33.3	26.6	29.7	33.1	49.9	55.6	81.0	103.14	115.64	133.99
Dividend Per Share (DPS) (Rs/share)	5.3	1.8	4.8	6.0	5.4	4.1	5.0	10.0	10.3	11.6	13.4
ROE (%)	30.1%	32.8%	20.7%	19.5%	18.6%	18.5%	14.7%	18.5%	19.8%	18.7%	18.3%
ROCE (%)	25.0%	24.6%	17.1%	17.3%	16.9%	15.5%	12.7%	15.7%	17.8%	16.9%	16.5%
Dividend Payout (%)	23%	5%	18%	20%	16%	8%	9%	12%	10%	10%	10%
Balance Sheet											
Book Value (Rs mm)	11,709	16,272	19,248	22,854	26,191	53,424	61,204	71,985	86,068	101,859	120,154
Book Value Per Share (Rs/share)	84.9	117.9	139.5	165.6	189.7	361.0	403.4	474.5	567.3	671.4	792.0
Net Debt (Rs mm)	684	(1,321)	(2,439)	(1,912)	2,408	(19,995)	(19,971)	(32,272)	(30,749)	(37,958)	(47,131)
Net Debt/Equity (%)	6%	-8%	-13%	-8%	9%	-37%	-33%	-45%	-36%	-37%	-39%
Net Debt/EBITDA (x)	0.2 x	-0.2 x	-0.5 x	-0.3 x	0.3 x	-2.0 x	-1.7 x	-2.1 x	-1.6 x	-1.7 x	-1.8 x
Cash Flow											
FCFF (Rs mm)	480	1,976	1,498	231	288	2,874	1,925	11,789	(1,533)	7,245	9,079
FCFE (Rs mm)	379	1,904	1,445	181	109	2,630	1,840	11,447	(1,533)	7,245	9,079
FCFF per share (Rs/share)	3.2	13.0	9.9	1.5	1.9	18.9	12.7	77.7	(10.1)	47.8	59.8
FCFE per share (Rs/share)	2.5	12.5	9.5	1.2	0.7	17.3	12.1	75.4	(10.1)	47.8	59.8
Valuation											
EV/EBITDA (x)	118.7 x	92.1 x	103.1 x	88.3 x	71.5 x	48.5 x	43.0 x	31.1 x	24.2 x	21.1 x	18.0 x
P/B (x)	39.7 x	28.6 x	24.2 x	20.3 x	17.8 x	9.3 x	8.4 x	7.1 x	5.9 x	5.0 x	4.3 x
P/E (x)	149.2 x	101.2 x	126.5 x	113.3 x	101.9 x	67.5 x	60.6 x	41.6 x	32.7 x	29.1 x	25.1 x
Dividend Yield (%)	0.2%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.3%	0.3%	0.3%	0.4%
FCF Yield (%)	0.1%	0.4%	0.3%	0.0%	0.0%	0.5%	0.4%	2.2%	-0.3%	1.4%	1.8%
Earnings Yield (%)	0.7%	1.0%	0.8%	0.9%	1.0%	1.5%	1.7%	2.4%	3.1%	3.4%	4.0%

Source: Jefferies estimates, company data

Company Description

PI Industries

PI Industries Ltd. engages in the manufacturing and selling of agro-inputs, which comprises of crop protection chemicals and plant growth nutrients. Its products include insecticides, fungicides, and herbicides. The firm also focuses on activities, such as research and development, market research, and investment. The company was founded by P. P. Singhal in 1946 and is headquartered in Gurgaon, India.

Company Valuation/Risks

PI Industries

We value PI at 33x P/E for a PT of Rs 4,120. Key upside risks: Stronger CSM growth, Earnings accretive acquisition/s, Pharma ramp up better than guidance. Key Downside risks: Global agro chem cycle downturn, generic competition for Pyroxasulfone, deficient monsoon in India

Bayer AG

Valuation: PT represents the average of our DCF (€37/share) and SOTP (€38/share).

Risks include unfavourable litigation outcomes, weak corn/soy/wheat commodity prices, market share losses and patent expiries.

Nufarm

Our valuation is based on a DCF. The risk profile of Nufarm would be materially improved by the Latin American sale. The trading risks are mainly related to seasonal conditions which are impossible to predict with any degree of accuracy, and the ongoing improvement in the recent European acquisitions as the raw material supply issues are resolved. The legal challenges facing glyphosate may also present a risk to the share price periodically.

UPL Limited

Valuation: Our PT stands at Rs 675. We assign a target PE multiple of 9x to Sep'25e earnings; target PE at ~25% discount to stock's historical five-year average multiple.

Key risks to our PT and estimates: In our opinion, key to monitor in UPL's core business are global business scenario, channel inventories, pricing power, regional mix, high capex (50% toward registrations), currency fluctuations, and synergies emanating post Arysta integration. Other key risks are global disruption, pricing pressures, and missing the stated target on deleveraging.

Analyst Certification:

I, Bhaskar Chakraborty, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

I, Niraj Todi, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Registration of non-US analysts: Bhaskar Chakraborty is employed by Jefferies India Private Limited, a non-US affiliate of Jefferies LLC and is not registered/qualified as a research analyst with FINRA. This analyst(s) may not be an associated person of Jefferies LLC, a FINRA member firm, and therefore may not be subject to the FINRA Rule 2241 and restrictions on communications with a subject company, public appearances and trading securities held by a research analyst.

Registration of non-US analysts: Niraj Todi is employed by Jefferies India Private Limited, a non-US affiliate of Jefferies LLC and is not registered/qualified as a research analyst with FINRA. This analyst(s) may not be an associated person of Jefferies LLC, a FINRA member firm, and therefore may not be subject to the FINRA Rule 2241 and restrictions on communications with a subject company, public appearances and trading securities held by a research analyst. As is the case with all Jefferies employees, the analyst(s) responsible for the coverage of the financial instruments discussed in this report receives compensation based in part on the overall performance of the firm, including investment banking income. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgement.

Investment Recommendation Record

(Article 3(1)e and Article 7 of MAR)

Recommendation Published
Recommendation Distributed

December 14, 2023, 12:31 ET.
December 14, 2023, 12:31 ET.

Explanation of Jefferies Ratings

Buy - Describes securities that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

Hold - Describes securities that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated securities with an average security price consistently below \$10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Jefferies policies.

CS - Coverage Suspended. Jefferies has suspended coverage of this company.

NC - Not covered. Jefferies does not cover this company.

Restricted - Describes issuers where, in conjunction with Jefferies engagement in certain transactions, company policy or applicable securities regulations prohibit certain types of communications, including investment recommendations.

Monitor - Describes securities whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Valuation Methodology

Jefferies' methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Jefferies Franchise Picks

Jefferies Franchise Picks include stock selections from among the best stock ideas from our equity analysts over a 12 month period. Stock selection is based on fundamental analysis and may take into account other factors such as analyst conviction, differentiated analysis, a favorable risk/reward ratio and investment themes that Jefferies analysts are recommending. Jefferies Franchise Picks will include only Buy rated stocks and the number can vary depending on analyst recommendations for inclusion. Stocks will be added as new opportunities arise and removed when the reason for inclusion changes, the stock has met its desired return, if it is no longer rated Buy and/or if it triggers a stop loss. Stocks having 120 day volatility in the bottom quartile of S&P stocks will continue to have a 15% stop loss, and the remainder will have a 20% stop. Franchise Picks are not intended to represent a recommended portfolio of stocks and is not sector based, but we may note where we believe a Pick falls within an investment style such as growth or value.

Risks which may impede the achievement of our Price Target

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, the financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary. Past performance of the financial instruments recommended in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from, any of the financial instruments mentioned in this report can rise as well as fall and may be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the financial instrument described in this report. In addition, investors in securities such as ADRs, whose values are affected by the currency of the underlying security, effectively assume currency risk.

Other Companies Mentioned in This Report

- Bayer AG (BAYN GR: €31.06, HOLD)
- Nufarm (NUF AU: AUD4.89, HOLD)
- UPL Limited (UPLL IN: INR599.30, BUY)

Rating and Price Target History for: PI Industries (PI IN) as of 12-13-2023

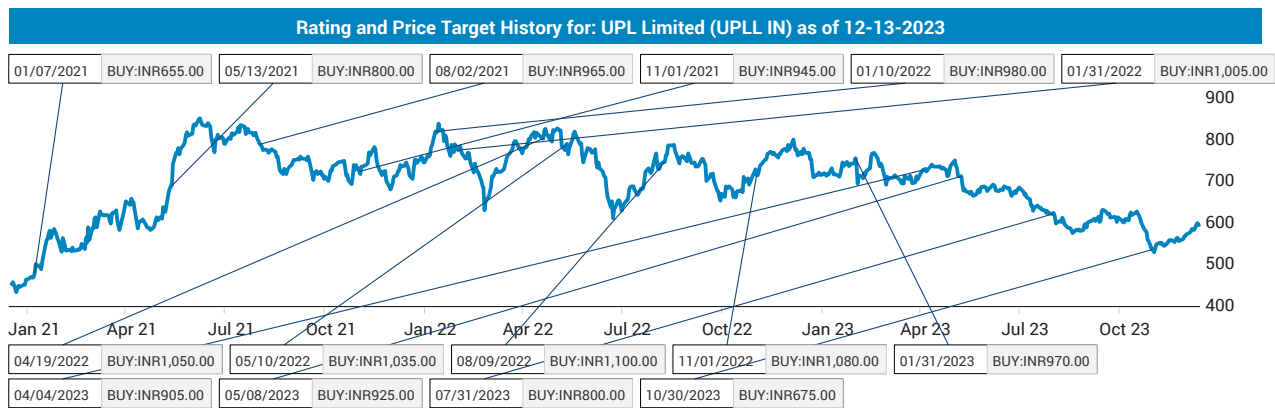


Rating and Price Target History for: Bayer AG (BAYN GR) as of 12-13-2023



Rating and Price Target History for: Nufarm (NUF AU) as of 12-13-2023





Notes: Each box in the Rating and Price Target History chart above represents actions over the past three years in which an analyst initiated on a company, made a change to a rating or price target of a company or discontinued coverage of a company.

Legend:

I: Initiating Coverage

D: Dropped Coverage

B: Buy

H: Hold

UP: Underperform

Distribution of Ratings

	IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent
BUY	1938	58.55%	322	16.62%
HOLD	1210	36.56%	109	9.01%
UNDERPERFORM	162	4.89%	4	2.47%

Other important disclosures

Other Important Disclosures

Jefferies does business and seeks to do business with companies covered in its research reports, and expects to receive or intends to seek compensation for investment banking services among other activities from such companies. As a result, investors should be aware that Jefferies may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jefferies Equity Research refers to research reports produced by analysts employed by one of the following Jefferies Group LLC ("Jefferies") group companies:

United States: Jefferies LLC which is an SEC registered broker-dealer and a member of FINRA (and distributed by Jefferies Research Services, LLC, an SEC registered Investment Adviser, to clients paying separately for such research).

Canada: You are advised that Jefferies LLC operates as a dealer in your jurisdiction under an exemption from the dealer registration requirements contained in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and, as such, Jefferies LLC is not required to be and is not a registered dealer or adviser in your jurisdiction. You are advised that Jefferies LLC prepared this research report and it was not prepared in accordance with Canadian disclosure requirements relating to research reports in Canada.

United Kingdom: Jefferies International Limited, which is authorized and regulated by the Financial Conduct Authority; registered in England and Wales No. 1978621; registered office: 100 Bishopsgate, London EC2N 4JL; telephone +44 (0)20 7029 8000; facsimile +44 (0)20 7029 8010.

Germany: Jefferies GmbH, which is authorized and regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht, BaFin-ID: 10150151; registered office: Bockenheimer Landstr. 24, 60232 Frankfurt a.M., Germany; telephone: +49 (0) 69 719 1870

Hong Kong: Jefferies Hong Kong Limited, which is licensed by the Securities and Futures Commission of Hong Kong with CE number ATS546; located at Level 26, Two International Finance Center, 8 Finance Street, Central, Hong Kong; telephone: +852 3743 8000.

Singapore: Jefferies Singapore Limited, which is licensed by the Monetary Authority of Singapore; located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950.

Japan: Jefferies (Japan) Limited, Tokyo Branch, which is a securities company registered by the Financial Services Agency of Japan and is a member of the Japan Securities Dealers Association; located at Tokyo Midtown Hibiya 30F Hibiya Mitsui Tower, 1-1-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006; telephone +813 5251 6100; facsimile +813 5251 6101.

India: Jefferies India Private Limited (CIN - U74140MH2007PTC200509), licensed by the Securities and Exchange Board of India for: Stock Broker (NSE & BSE) INZ000243033, Research Analyst INH0000000701 and Merchant Banker INM000011443, located at Level 16, Express Towers, Nariman Point, Mumbai 400 021, India; Tel +91 22 4356 6000. Compliance Officer name: Sanjay Pai, Tel No: +91 22 42246150, Email: spai@jefferies.com, Grievance officer name: Sanjay Pai, Tel no. +91 22 42246150, Email: compliance_india@jefferies.com. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Australia: Jefferies (Australia) Pty Limited (ACN 623 059 898), which holds an Australian financial services license (AFSL 504712) and is located at Level 22, 60 Martin Place, Sydney NSW 2000; telephone +61 2 9364 2800.

Dubai: Jefferies International Limited, Dubai branch, which is licensed by the Dubai Financial Services Authority (DFSA Reference Number F007325); registered office Unit L31-06, L31-07, Level 31, ICD Brookfield Pace, DIFC, PO Box 121208, Dubai, UAE.

This report was prepared by personnel who are associated with Jefferies (Jefferies International Limited, Jefferies GmbH, Jefferies Hong Kong Limited, Jefferies Singapore Limited, Jefferies (Japan) Limited, Tokyo Branch, Jefferies India Private Limited), and Jefferies (Australia) Pty Ltd; or by personnel who are associated with both Jefferies LLC and Jefferies Research Services LLC ("JRS"). Jefferies LLC is a US registered broker-dealer and is affiliated with JRS, which is a US registered investment adviser. JRS does not create tailored or personalized research and all research provided by JRS is impersonal. If you are paying separately for this research, it is being provided to you by JRS. Otherwise, it is being provided by Jefferies LLC. Jefferies LLC, JRS, and their affiliates are collectively referred to below as "Jefferies". Jefferies may seek to do business with companies covered in this research report. As a result, investors should be aware that Jefferies may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only one of many factors in making their investment decisions. Specific conflict of interest and other disclosures that are required by FINRA and other rules are set forth in this disclosure section.

If you are receiving this report from a non-US Jefferies entity, please note the following: Unless prohibited by the provisions of Regulation S of the U.S. Securities Act of 1933, as amended, this material is distributed in the United States by Jefferies LLC, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6 under the US Securities Exchange Act of 1934, as amended. Transactions by or on behalf of any US person may only be effected through Jefferies LLC. In the United Kingdom and European Economic Area this report is issued and/or approved for distribution by Jefferies International Limited ("JIL") and/or Jefferies GmbH and is intended for use only by persons who have, or have been assessed as having, suitable professional experience and expertise, or by persons to whom it can be otherwise lawfully distributed. Jefferies LLC, JIL, Jefferies GmbH and their affiliates, may make a market or provide liquidity in the financial instruments referred to in this report; and where they do make a market, such activity is disclosed specifically in this report under "company specific disclosures".

For Canadian investors, this material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a "permitted client" as defined by National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. This research report is a general discussion of the merits and risks of a security or securities only, and is not in any way meant to be tailored to the needs and circumstances of any recipient. The information contained herein is not, and under no circumstances is to be construed as, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators, if applicable, and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer

incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon this research report, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence.

In Singapore, Jefferies Singapore Limited ("JSL") is regulated by the Monetary Authority of Singapore. For investors in the Republic of Singapore, where this material is prepared and issued by a Jefferies affiliate outside of Singapore, it is distributed by JSL pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act 2001 (Singapore). If there are any matters arising from, or in connection with this material, please contact JSL, located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950. In Dubai, this material is issued and distributed by Jefferies International Limited, Dubai branch, and is intended solely for Professional Clients and should not be distributed to, or relied upon by, Retail Clients (as defined by DFSA). A distribution of ratings in percentage terms in each sector covered is available upon request from your sales representative. In Japan, this material is issued and distributed by Jefferies (Japan) Limited to institutional investors only. In Hong Kong, this report is issued and approved by Jefferies Hong Kong Limited and is intended for use only by professional investors as defined in the Hong Kong Securities and Futures Ordinance and its subsidiary legislation. In the Republic of China (Taiwan), this report should not be distributed. The research in relation to this report is conducted outside the People's Republic of China ("PRC"). This report does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. In India, this report is made available by Jefferies India Private Limited. In Australia, this report is issued and/or approved for distribution by, or on behalf of, Jefferies (Australia) Securities Pty Ltd (ACN 610 977 074), which holds an Australian financial services license (AFSL 487263). It is directed solely at wholesale clients within the meaning of the Corporations Act 2001 (Cth) of Australia (the "Corporations Act"), in connection with their consideration of any investment or investment service that is the subject of this report. This report may contain general financial product advice. Where this report refers to a particular financial product, you should obtain a copy of the relevant product disclosure statement or offer document before making any decision in relation to the product. Recipients of this document in any other jurisdictions should inform themselves about and observe any applicable legal requirements in relation to the receipt of this document.

This report is not an offer or solicitation of an offer to buy or sell any security or derivative instrument, or to make any investment. Any opinion or estimate constitutes the preparer's best judgment as of the date of preparation, and is subject to change without notice. Jefferies assumes no obligation to maintain or update this report based on subsequent information and events. Jefferies, and their respective officers, directors, and employees, may have long or short positions in, or may buy or sell any of the securities, derivative instruments or other investments mentioned or described herein, either as agent or as principal for their own account. This material is provided solely for informational purposes and is not tailored to any recipient, and is not based on, and does not take into account, the particular investment objectives, portfolio holdings, strategy, financial situation, or needs of any recipient. As such, any advice or recommendation in this report may not be suitable for a particular recipient. Jefferies assumes recipients of this report are capable of evaluating the information contained herein and of exercising independent judgment. A recipient of this report should not make any investment decision without first considering whether any advice or recommendation in this report is suitable for the recipient based on the recipient's particular circumstances and, if appropriate or otherwise needed, seeking professional advice, including tax advice. Jefferies does not perform any suitability or other analysis to check whether an investment decision made by the recipient based on this report is consistent with a recipient's investment objectives, portfolio holdings, strategy, financial situation, or needs.

By providing this report, neither JRS nor any other Jefferies entity accepts any authority, discretion, or control over the management of the recipient's assets. Any action taken by the recipient of this report, based on the information in the report, is at the recipient's sole judgment and risk. The recipient must perform his or her own independent review of any prospective investment. If the recipient uses the services of Jefferies LLC (or other affiliated broker-dealers), in connection with a purchase or sale of a security that is a subject of these materials, such broker-dealer may act as principal for its own accounts or as agent for another person. Only JRS is registered with the SEC as an investment adviser; and therefore neither Jefferies LLC nor any other Jefferies affiliate has any fiduciary duty in connection with distribution of these reports.

The price and value of the investments referred to herein and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This report may contain forward looking statements that may be affected by inaccurate assumptions or by known or unknown risks, uncertainties, and other important factors. As a result, the actual results, events, performance or achievements of the financial product may be materially different from those expressed or implied in such statements.

This report has been prepared independently of any issuer of securities mentioned herein and not as agent of any issuer of securities. No Equity Research personnel have authority whatsoever to make any representations or warranty on behalf of the issuer(s). Any comments or statements made herein are those of the Jefferies entity producing this report and may differ from the views of other Jefferies entities.

This report may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Jefferies does not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Neither Jefferies nor any third-party content provider shall be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Jefferies research reports are disseminated and available electronically, and, in some cases, also in printed form. Electronic research is simultaneously made available to all clients. This report or any portion hereof may not be copied, reprinted, sold, or redistributed or disclosed by the recipient or any third party, by content scraping or extraction, automated processing, or any other form or means, without the prior written consent of Jefferies. Any unauthorized use is prohibited. Neither Jefferies nor any of its respective directors, officers or employees, is responsible for guaranteeing the financial

success of any investment, or accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents. Nothing herein shall be construed to waive any liability Jefferies has under applicable U.S. federal or state securities laws.

For Important Disclosure information relating to JRS, please see https://adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=483878 and <https://adviserinfo.sec.gov/Firm/292142> or visit our website at <https://javatar.bluematrix.com/sellside/Disclosures.action>, or www.jefferies.com, or call 1.888.JEPPERIES.

© 2023 Jefferies