

# Business Performance Update

## Q3 FY 2020-21

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### CDR India

Nishid Solanki

[nishid@cdr-india.com](mailto:nishid@cdr-india.com)

Siddharth Rangnekar

[siddharth@cdr-india.com](mailto:siddharth@cdr-india.com)

Tel: +91 22 6645 1221 /1209

Fax: +9122 6645 1213



### PI Industries Limited

Rajnish Sarna

[r.sarna@piind.com](mailto:r.sarna@piind.com)

Rajiv Batra

[rajiv.batra@piind.com](mailto:rajiv.batra@piind.com)

Tel: +91 124 6790000

Fax: +91 124 4081247

# Q3'FY21... out-performance continues

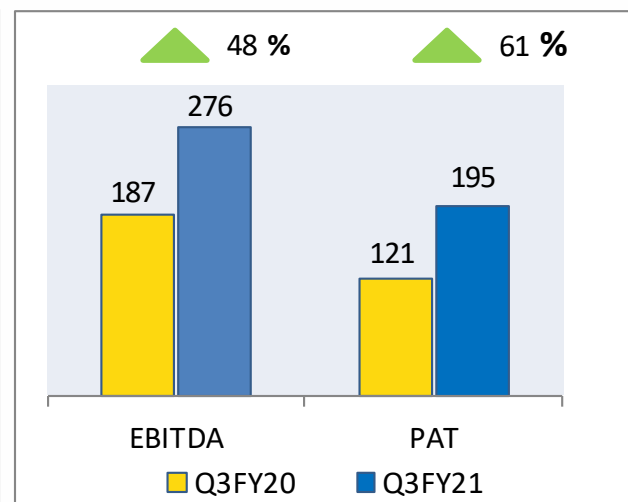
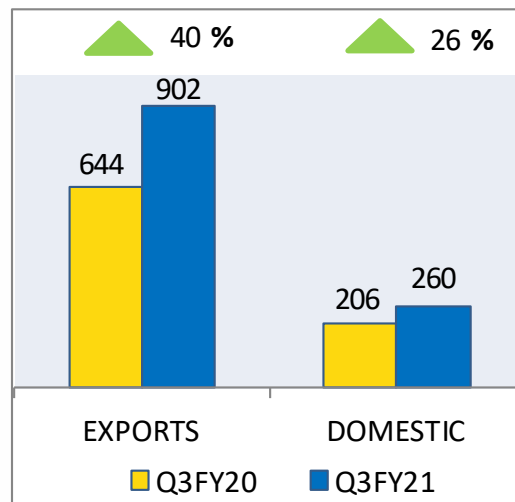
Revenue growth by 37%, EBITDA up by 48%.. PAT by 61%



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## CONSOLIDATED

Fig in Crores	Q3FY20	Q3FY21	% YOY
<b>Revenue</b>	850	1162	37%
<b>Gross Margin</b>	47%	47%	28 bps
<b>Fixed Overheads</b>	210	270	29%
<b>EBITDA</b>	187	276	48%
<b>EBITDA as % Revenue</b>	22%	24%	176 bps
<b>Net Profit</b>	121	195	61%



- ✓ Q3 Exports increase ~40% YoY with pro-active raw material planning along with efficient capacity utilisation. All commercial molecules have maintained strong demand focus in line with order book
- ✓ Domestic revenues increase by 26% YoY, with additional contribution from Isagro and good traction from PI brands
- ✓ Strong control on overhead costs accompanied with healthy collections
- ✓ Net Profit increase in line with higher revenue, depreciation inline with capacities added increased from 32 Cr to 44 Cr.
- ✓ PI declares interim dividend of Rs 3.00 per share

# 9M'FY21 witnessed impressive growth

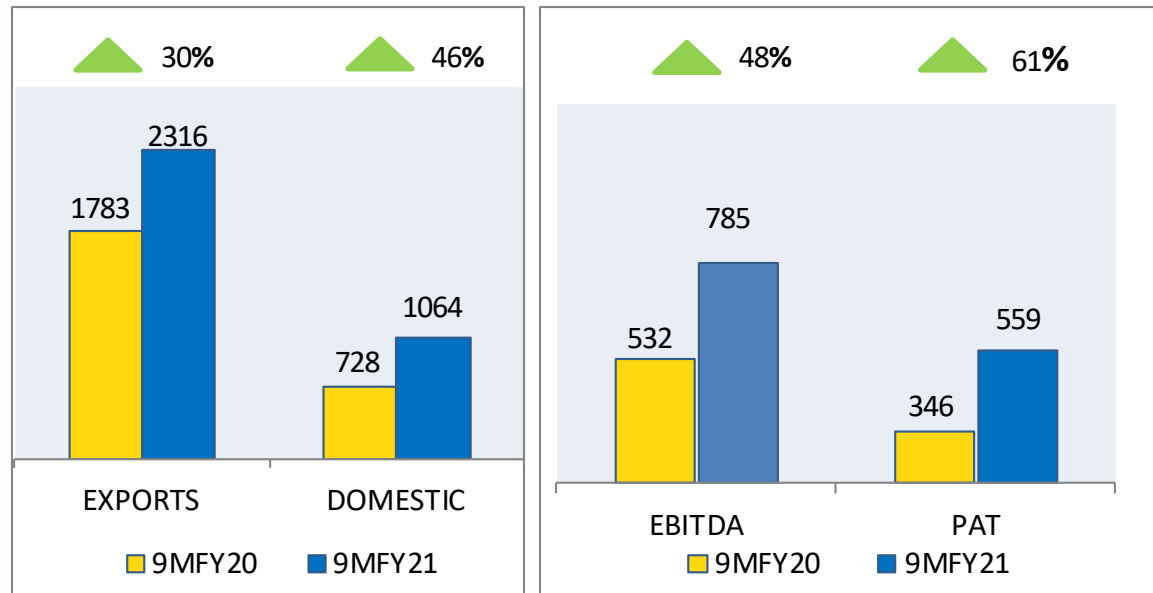
Revenue growth by 35%, EBITDA up by 48%.. PAT by 61%



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## CONSOLIDATED

Fig in Crores	9M FY20	9M FY21	% YOY
Revenue	2,511	3,380	35%
Gross Margin	45%	45%	-
Fixed Overheads	587	717	22%
EBITDA	532	785	48%
EBITDA as % Revenue	21%	23%	206 bps
Net Profit	346	559	61%



- ✓ Limited Covid-19 disruption to operations and movement of goods with all manufacturing facilities operational and capacity utilisation building back to pre-Covid levels
- ✓ 9M Exports increased ~30% YoY despite disrupted global supply chain, proactive raw material inventory management and precise capacity planning. Demand for key commercialised molecules remains strong
- ✓ Domestic revenues up by 46% YoY, inclusive of Isagro and robust momentum in PI leading brands
- ✓ Healthy net generation of cash at Rs 301 cr for 9M
- ✓ Net Profit increase in line with higher revenue, depreciation inline with capacities added increased from Rs. 93 Cr to Rs. 130 Cr

# Balance Sheet position remained strong

Efficient W/C management helping transition uncertain times..



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(Rs in Cr.)s	DEC 20	DEC 19
<b>Shareholders' Funds</b>	<b>5,215.1</b>	<b>2,599.9</b>
<b>Non Current Liabilities</b>	<b>426.0</b>	<b>365.9</b>
Long-term borrowings	283.2	314.8
Deferred Tax Liabilities (net)	75.2	-
Other long-term liabilities	58.2	30.2
Long-term provisions	9.4	20.9
<b>Current Liabilities</b>	<b>1,220.7</b>	<b>1,178.3</b>
Trade payables	784.6	543.7
Other current liabilities	389.4	606.5
Short-term provisions	46.7	28.1
<b>TOTAL</b>	<b>6,861.8</b>	<b>4,144.1</b>
<b>Non Current Asset</b>	<b>2,600.1</b>	<b>2,117.5</b>
Net Fixed Asset	2,243.5	1,928.5
Good Will	81.4	82.8
Non-current investments	22.5	17.2
Long term Loans & advances	6.1	6.3
Other Assets	246.6	82.7
<b>Current Asset</b>	<b>4,261.7</b>	<b>2,026.6</b>
Inventories	1,069.5	748.6
Trade receivables	718.3	743.3
Cash, Bank & Investments	2,059.7	220
Short-term loans and advance	65.6	31.9
Other assets	348.6	282.8
<b>TOTAL</b>	<b>6,861.8</b>	<b>4,144.1</b>
<b>KEY RATIOS (ANNUNALISED)</b>		
Net sales to Fixed assets	2.01	1.75
Net Sales to Working capital	4.49	3.55
Net Sales to Inventory	4.21	4.50
Current ratio	3.49	1.72
Debt Equity ratio	0.05	0.18

- ✓ *Net working capital to sales improved from 3.55 to 4.49 as at Dec 20 despite Covid-19 disruption and resultant liquidity challenges in the markets.*
- ✓ *Increased inventory levels in line with expected growth.*
- ✓ *Net sales to fixed Assets improved to 2.01 Vs. 1.75 PY*
- ✓ *Investment in capital expenditure at Rs 320 Cr for 9M*
- ✓ *QIP funds invested with SLR philosophy while final deployment aligned with PI's longer term growth strategy is underway.*

# Key operational highlights YTM FY21

## Planned progress on strategic initiatives for sustained growth..



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### Steady growth of Domestic Agri Input

- Strong growth in domestic brand business led by Herbicides, Fungicides and Plant Nutrients
- Focused strategy on horticulture crop through Jivagro/ Isagro paying off with significant growth
- Highest ever sales in Nominee herbicide and Osheen insecticide led by rice and cotton crop respectively
- Successful scale up of Awkira (wheat herbicide), treated more than 100k acres
- Application service platform accepted very well at farmers level, supported growth in Wheat herbicide
- Successful launch of Londax Power (Rice herbicide)
- Significant improvement in quality of sales with both Inventory days and DSO showing improvement
- Completed Integration of Isagro brand molecules with PI with an aim to maximize synergies and capacity utilization



### CSM Exports

- Steady in-flow of new enquiries from existing customers as well as new customers in agro/non-agro chemicals space
- Geared up to commence commercial production for new speciality chemicals customer
- Successfully commissioned 4 molecules at recently acquired Isagro site
- Successful deployment of analytical tools in one MPP with encouraging results. Deployment being expanded to across the site
- Successfully completed recertification audit for ISO 17025 at PNL & JMB and (QMS) IMS audit



### Business Supporting Initiatives

- Deployed Sales Order Application across all zones, allowing mobile and web based order placement by Sales Force and Channel Partners
- Automated Fleet Management of Application Spraying Services
- Launched ARIBA sourcing platform
- Continue to file new patents and develop new products for future growth
- Multiple HR initiatives kickstarted focusing on Leadership development, welcoming new hires and create an MNC+ culture

# Business outlook remains robust..

Focused progress on strategic initiatives to continue while navigating through pandemic  
Original growth guideline is maintained...



## Domestic business focusing on portfolio diversification & customized service

- Business outlook remained robust with strong growth expected to continue in Q4FY21 & FY22 in domestic brands with expected launch of products
- Horticulture, rice and pulses crop expected to drive the growth
- We continued to remain optimistic, however farmer agitation may have some disruption on overall crop management in Northern part of India

## CSM Exports to continue growth momentum

- 5-6 pipeline molecules at various stages of development to be commercialized in the coming FY
- Another MPP is planned to be made ready by Q4 FY21, thus enhancing the overall capacities
- Order book continues to remain robust @ \$1.5bn with high visibility of sustainable growth in the next 3-4 years

## Strategic direction and priorities remain intact

- Pursuing inorganic growth opportunities to diversify into adjacencies, widen technology portfolio and de-risk operations
- Build new IP building for deepening our technological capabilities, de-risking current operations and opening up newer opportunities
- Actively evaluating few pharma assets and working with global consulting firm for crystallisation and successfully implementing strategic road map of diversification

**Confident of achieving 20% plus growth in FY21 and resolutely progressing on that path**

# Key highlights - Isagro (Asia)'s integration



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## Domestic Marketing (B2C) Jivagro

### Aim

Purpose of Jivagro:

*“to secure goodness of horticulture through innovative, sustainable solutions and partnerships”*

### Highlights

- ❑ Remarkable growth in top line for YTM'21 vis-à-vis YTM'20
- ❑ Leveraging synergistic integration through:
  - ✓ Horticulture focussed PI product portfolio in Jivagro key territories
  - ✓ Utilising PI large manufacturing & supply chain capacity to reduce RM & PM cost
  - ✓ Logistic synergy through common warehouses & transport
- ❑ Demerger of B2C business of Isagro to Jivagro expected in **Q4FY21**
- ❑ New product designs in final stage of manufacturing, aim to launch Jivagro in **Q1FY22**
- ❑ Differentiated GTM by crop, expertise based digitally enabled front-end
- ❑ >20% CAGR growth over next 4-5 years

## Manufacturing/ CSM (B2B) Merge with PI

### Aim

Purpose of MFG site:

*“Enhance capacity utilisation to >90% & triple the revenue generation in next couple of years.”*

### Highlights

- ❑ 5 pipeline products of PI's CSM exports commercialised in FY21 & ~4 pipeline molecules to be commercialised in **FY22** at Isagro mfg site
- ❑ Harmonised major synergies with PI's neighbouring operations in manufacturing, EHS, Quality, IT, sourcing, HR
- ❑ Refurbishment & up-gradation of manufacturing, EHS, general infrastructure to be completed by **Q4FY21**
- ❑ Merger of remaining business of Isagro with PI expected in **Q1FY22** upon receipt of regulatory approvals from NCLT

# Awards & Accolades

## CII – National Award for ‘Excellence in Water Management 2020’



- Adjudged winner of the 14<sup>th</sup> Edition of CII-National Awards for Excellence in Water Management 2020
- Objective of the award is to recognise the leadership role in implementing water & watershed management projects
- PI received this award for its ‘DSR Project: Case study of Kaithal District’ (From PI’s efforts, ~950 million litres of water was saved by DSR adoption in 1130 acres of rice farmlands in Kaithal district)
- PI brings incessant innovations towards sustainable crop solutions in areas of agri science





# Have been socially conscious by measuring business performance on social and environmental parameters\*



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## Sustainable Agriculture Practices



## Healthcare, Hygiene and Sanitation Interventions



## Women Empowerment



## Education Interventions



## Skill Development

**7,00,000 +**

Hectares of Farmlands benefitted by DSR technique thereby saving

**1.6 trillion**

litres of Water



**100,000 +**

Lives impacted using Mobile Healthcare Vans facilitated through PI's *'Swasthya Seva'* Initiative and Blood Bank services



**15,000 +**

Women across

**82** villages

in Bharuch Area Benefitted through PI's Women empowerment Program.



**18,000 +**

Govt. School Children across

**125** Schools

Benefitted through PI's Learning Enhancement Programmes.



**600+**

Youth helped in gaining employment through large scale Skill Development Programmes



\*Outreach till FY'21

# Our Vision & Values..



## VISION

**“Building on the foundation of trust, we shall be at the forefront of science-led opportunities by delivering innovative solutions.”**

## VALUES



### TRUST

Like the earth, we are dependable. We work with integrity of purpose, honesty in action and fairness in all our dealings



### SPEED

Blazing ahead, like fire, we constantly strive to work with speed in the way we observe, think and act



### INNOVATION

Enlivening, like the air, in the constant quest for the horizon, the never-ending search for a better, newer way to do things; Innovation for us, is a way of life



### ADAPTABILITY

Adaptive, like water, we are constantly transforming ourselves. Being nimble footed, we are highly responsive to change

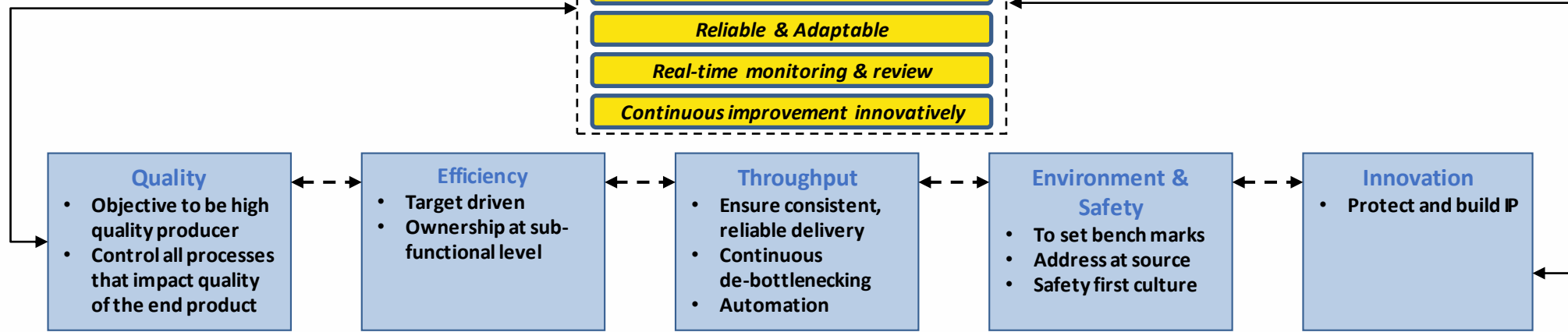
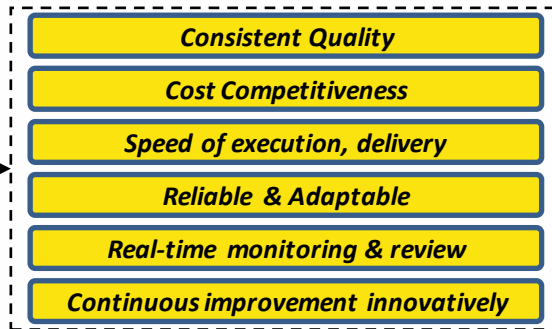
# Strong focus on customer needs and continuous innovation

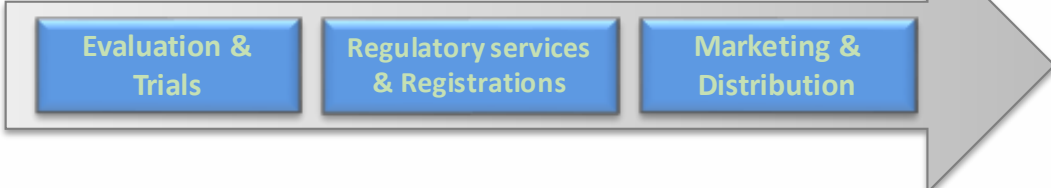


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Global Export Business - CSM

Domestic Business – Brands





# Differentiated domestic distribution

Driven by brands and market reach



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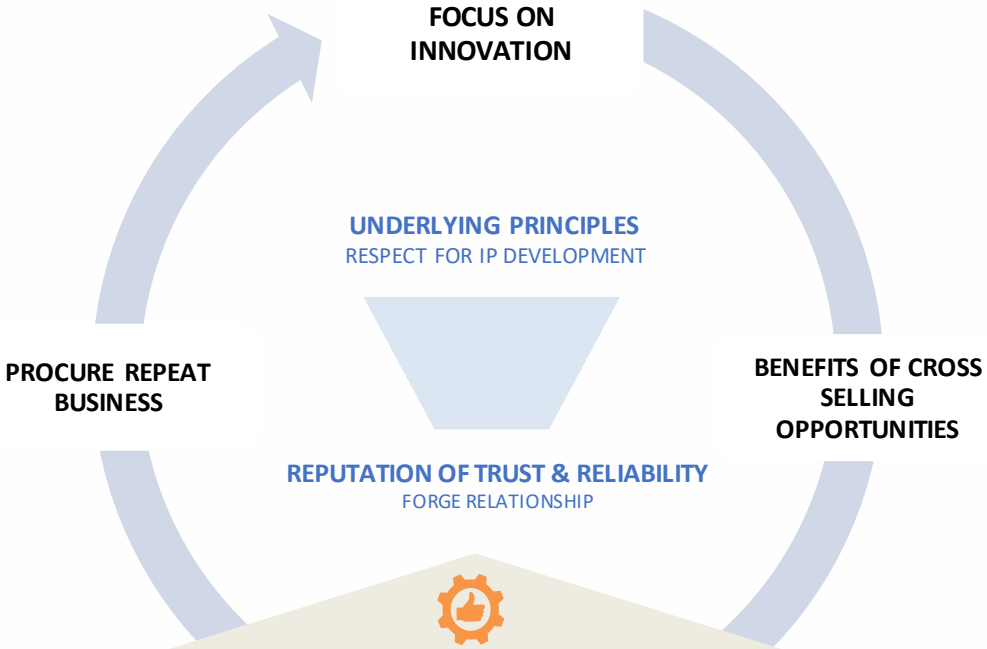
More than 50 years Creating Market Leading Brands  
 Significant revenue from Brands Ranked No 1 or 2 in the market, Some brands are more than a decade old

**Strong Partner**  
 40+ years experience  
 20+ Global Innovators

**Strong Pipeline**  
 Molecules based on crop solutions and Indian needs

**Farmers & Extensive Distribution Network**  
 28 stock points; 10K+ distributors; 70K+ retail points

- **Extension & product development & stewardship** (team experience in handling complex new-age premium chemistries)
- **Strong relationship with stakeholders**
- **Policy level by participation**



- **Crop solution approach focussing farmer & using ICT** (Information, Communication and Technology)
- **Organization structure empowered with digi tech** to support and demonstrate value delivery to farmers
- **Online analytics tools for farmers and employees**
- **Innovative Ideas and branding** for enhancing product life cycle
- **Experience of successfully managing transition of products from patented to generic**
- **Application services** for development & engagement

**Digi-tech @Core**

*Engagement Efficiency Excellence*





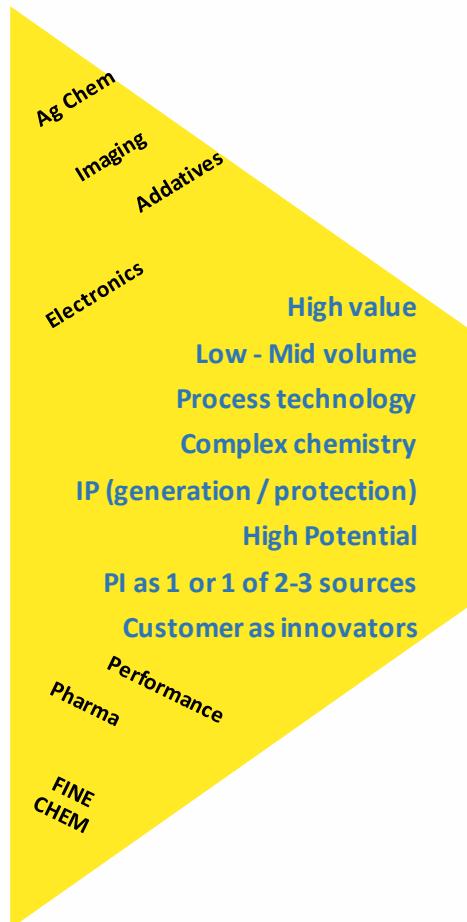
# Custom Synthesis & Manufacturing – Our vision



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To be the lifelong Partner of Choice for the Global Chemicals Industry by building innovative, knowledge based solutions through speed, efficiency, straightforwardness & just dealings, respect for intellectual property, society & environment

## OUR FOCUS



### Partner of Choice

**Who**  
Niche player / boutique industry – leading supplier

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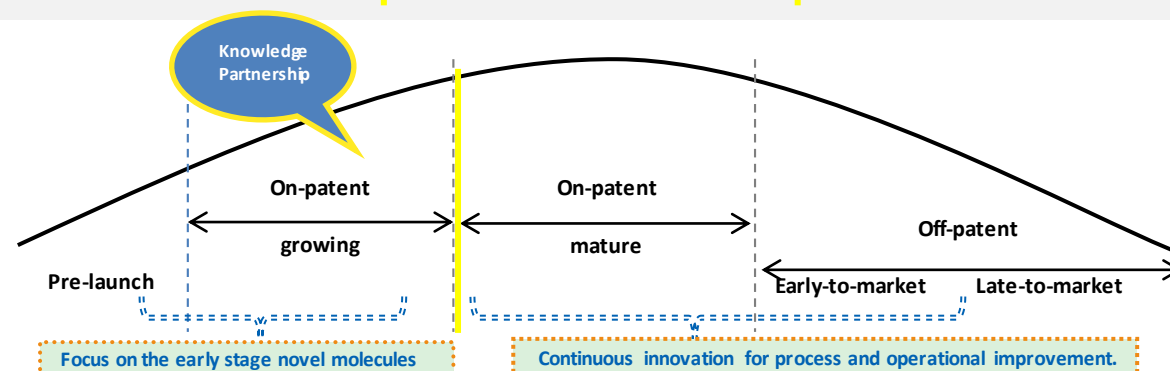
**How**

- Longevity of meaningful engagement
- A marriage of competent equals
- Consultative solution rendering & outsourcing process
- Reliability of services

PI has all that is required to be the “Partner of Choice”

### Solutions

Service Lines	Characterized by	In
<ul style="list-style-type: none"> <li>• Research &amp; Development</li> <li>• Analytical Research &amp; Services</li> <li>• Process Development</li> <li>• Engineering</li> <li>• Process Scale up</li> <li>• Commercial Production</li> </ul>	<ul style="list-style-type: none"> <li>• Specifications with control limits</li> <li>• Reliability &amp; predictability</li> <li>• Repeatability</li> </ul>	<ul style="list-style-type: none"> <li>• Technology</li> <li>• Process</li> <li>• Commercial operations</li> <li>• Supply chain customer</li> <li>• End applications</li> </ul>



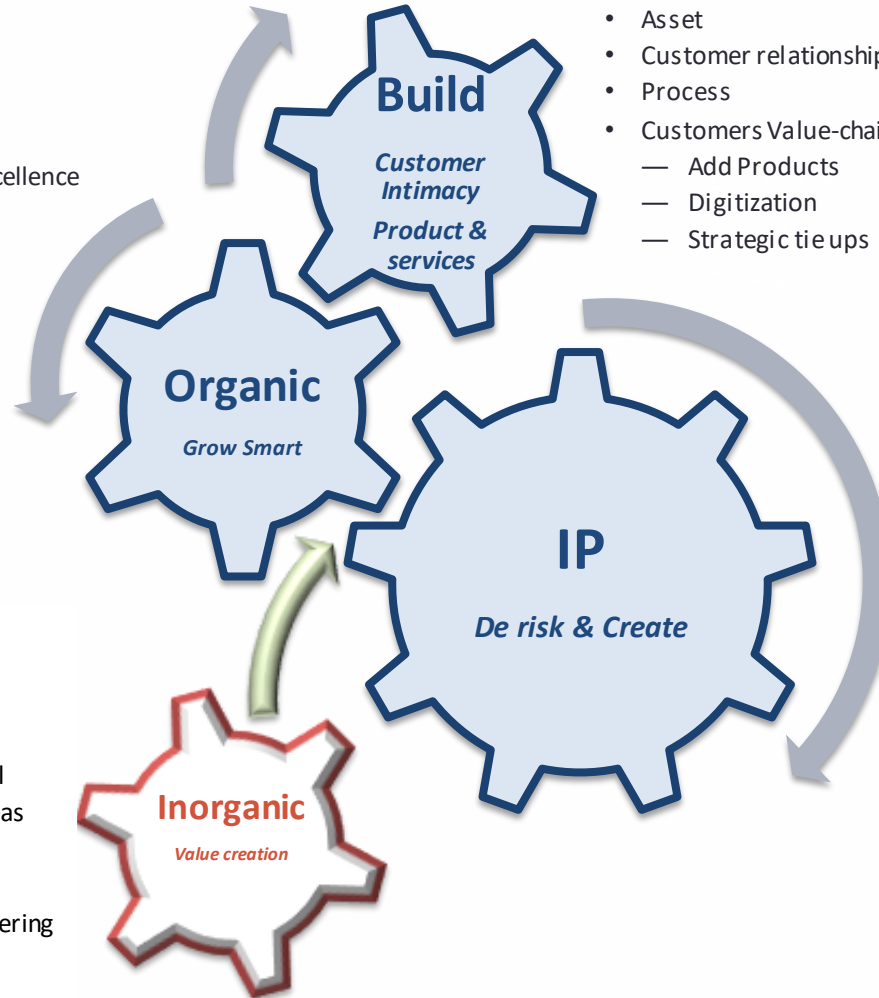
# Global tailwinds offering opportunities for aggressive, multi-pronged growth strategy



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## Market

- Expansion
- Creation
- Segments
- Operation excellence
- Brands



- Asset
- Customer relationship Management
- Process
- Customers Value-chain
  - Add Products
  - Digitization
  - Strategic tie ups

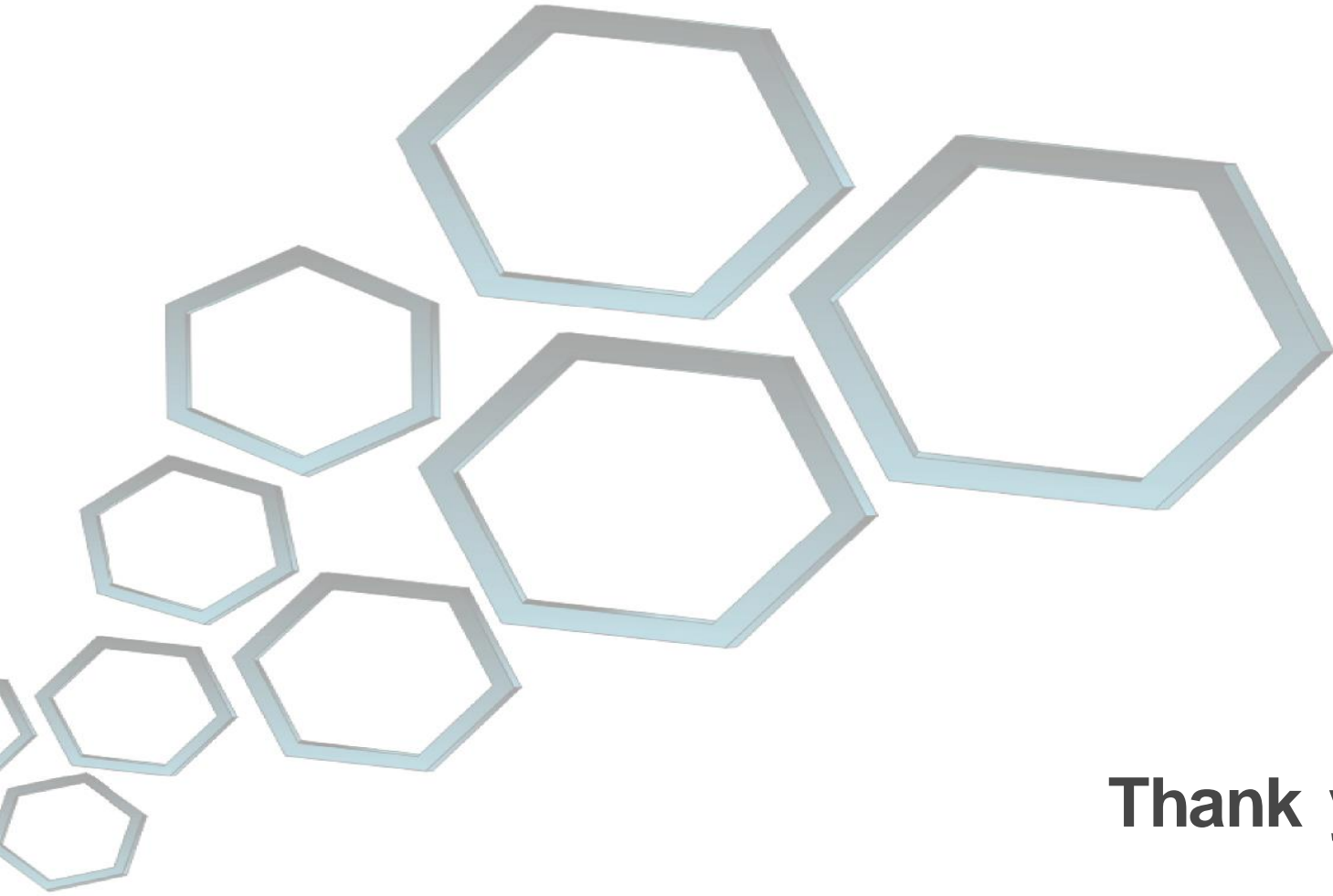
## Inorganic...

- Value added Technology
- Products Assets
- Niche vertical with a future Pharma / Specialty chemical
- High growth application areas having synergy
- Disruptive technologies in chemistry & process engineering

De risk...	Create...
<ul style="list-style-type: none"> <li>• Manufacturing concentration</li> <li>• New formulation of existing products</li> <li>• Biological</li> </ul>	<ul style="list-style-type: none"> <li>• Process Innovation</li> <li>• Biological process development</li> <li>• Formulation Combinations with Partners</li> <li>• New formulations -</li> <li>• Digital Customer engagement</li> </ul>
<p><i>Process</i></p> <ul style="list-style-type: none"> <li>• Chemistry</li> <li>• Block Builders</li> <li>• Process engg</li> <li>• Flow</li> </ul>	
<p><i>Digital</i></p> <ul style="list-style-type: none"> <li>• Information integration</li> <li>• Decision tools</li> </ul>	

**Deepening our technological capabilities to open new horizons..**

**Prudent financial management in place to ensure that long term shareholder value creation remains at the heart of the strategy...**



**Thank you**

**PI Industries Ltd.**

Corporate Off: 5th Floor, Vipul Square, B Block, Sushant Lok, Phase - 1, Gurgaon - 122009 (Har), India; Tel: +91 124 6790000, Fax: +91 124 4081247.

Regd. Off: Udaisagar Road, Udaipur - 313001; Tel: +91 294 2491451-5, Fax: +91 294 2491946.

[www.piindustries.com](http://www.piindustries.com)