

# PI Industries Ltd.

**Investor Presentation**  
**Q2 FY24 Results**

# AGENDA

## **CDR India**

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- Consolidated Financial Performance
- CSM Exports
- Domestic Agri Brands
- Pharma Updates
- Business Model and Strategy
- ESG Credentials
- CSR Update

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# Continues to deliver stellar performance despite weak global cues...

Figures in Rs. Million

	Revenue	EBITDA	PAT
<b>*Q2FY24</b>	21,169 ↑ 20%	5,534 ↑ 28%	4,805 ↑ 44%
<b>*H1FY24</b>	40,273 ↑ 22%	10,260 ↑ 30%	8,634 ↑ 45%

**Commercialised 3 new products** in Exports and 4 in Domestic Agri Brands

CSM Exports Order Book - USD ~1.8 billion

Integration of CRO-CDMO-API platforms underway in PI Health Sciences

Trade working capital reduced from 111 days to 84 days

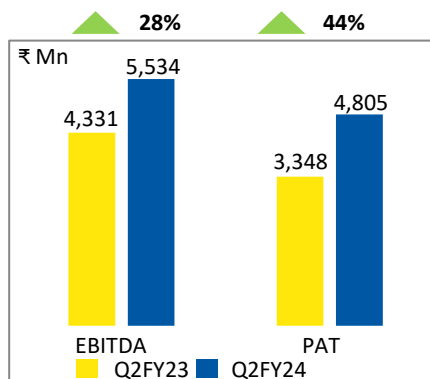
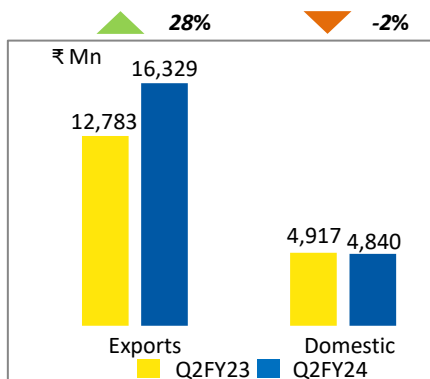
Cash flow from operating activities increased by 118%

1<sup>st</sup> Indian company to get a new ISO approval "Pioxaniliprole"

# Acceleration in Exports driving growth in Q2FY24

Fig in Rs. Million	Q2FY23	Q2FY24	% YOY
Revenue	17,700	21,169	20%
Gross Margin	45%	47%	135 bps
Overheads	3,684	4,344	18%
EBITDA	<b>4,331</b>	<b>5,534</b>	<b>28%</b>
EBITDA as % of Revenue	24%	26%	167 bps
Net Profit	<b>3,348</b>	<b>4,805</b>	<b>44%</b>

- **Overall 20% Y-o-Y revenue growth**
- **22% growth in Agchem Exports** driven by volume growth of ~21% and ~1% from price, currency and favourable product mix.
- Pharma<sup>1</sup> contributed Exports revenue of Rs. 719 million i.e. ~6% of total Exports revenue growth.
- **Domestic revenues were subdued** with reduction of ~2% Y-o-Y due to delayed and erratic spread of monsoon although favourable product mix and improved working capital management helped contain financial impact.
- **Gross Margin improved to 47%**, an improvement of ~135 bps Y-o-Y mainly on account of better product mix.
- Overheads increase mainly attributable to the newly acquired Pharma businesses hence not comparable.
- **28% growth in EBITDA to Rs. 5,534 million** with EBITDA margin improving by ~167 bps on account of favorable product mix and operating leverage.
- **44% increase in PAT** attributable to EBITDA growth, low ETR despite higher depreciation.

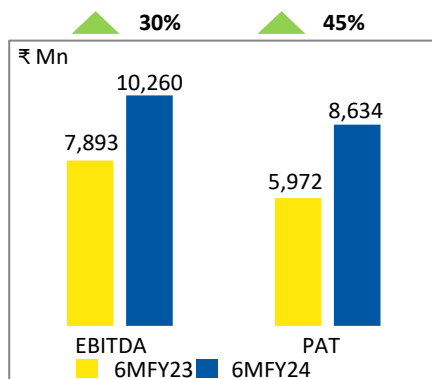
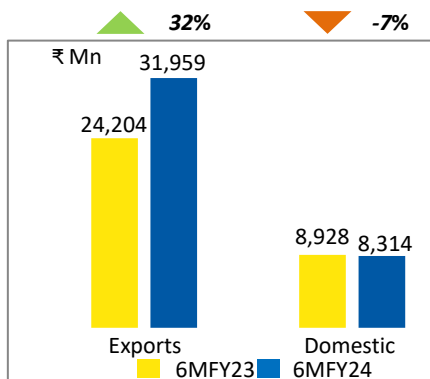


<sup>1</sup> Pharma: PI Health Sciences Ltd. ("PIHSL") Consolidated including overseas subsidiaries

# Strong performance in H1FY24 on operating and strategic fronts

Fig in Rs. Million	6MFY23	6MFY24	% YOY
Revenue	33,132	40,273	22%
Gross Margin	45%	47%	196 bps
Overheads	6,927	8,552	23%
EBITDA	<b>7,893</b>	<b>10,260</b>	<b>30%</b>
EBITDA as % of Revenue	24%	25%	165 bps
Net Profit	<b>5,972</b>	<b>8,634</b>	<b>45%</b>

- **Overall 22% Y-o-Y revenue growth**
- **27% growth in Agchem Exports** over a high base mainly on account of scale-up of existing products and introduction of 3 new products. Growth comprises volume growth of ~25% and ~2% from price, currency and favourable product mix.
- Newly acquired Pharma<sup>1</sup> contributed to remaining Exports revenue of Rs. 1,161 million i.e. ~5% of total Exports revenue growth.
- **Domestic segment remained subdued** due to erratic monsoon and El Niño conditions which led to long dry spells impacting insecticide and herbicide sales in certain geographies. However focused efforts were made to improve product mix by launching new brands and improving working capital efficiency.
- Overheads increase attributable to the newly acquired Pharma businesses (~14%) and balance (~9%) to scale-up of Exports and promotion expenses for the launch of the new products.
- Overall favorable product mix and significant increase in operating leverage reflected in improvement in EBITDA margin to 25%.
- **Net profit improved by 45% Y-o-Y** attributable to EBITDA growth, low ETR despite higher depreciation



<sup>1</sup> Pharma: PI Health Sciences Ltd. ("PIHSL") Consolidated including overseas subsidiaries

# Strong Balance Sheet and internal accrual generation building war chest for growth investment



Fig in Rs. Million	Sep-23	Mar-23	Sep-22
<b>Shareholders Fund</b>	<b>79,820</b>	<b>71,985</b>	<b>66,176</b>
<b>Non Current Liabilities</b>	<b>2,889</b>	<b>994</b>	<b>2,604</b>
Long term borrowings	269	-	1,303
Other long term liabilities	2,620	994	1,301
<b>Current liabilities</b>	<b>18,565</b>	<b>11,818</b>	<b>17,073</b>
Short term borrowings	992	-	1,061
Trade payables	12,045	8,380	11,108
Other current liabilities	5,528	3,438	4,904
<b>Total</b>	<b>1,01,274</b>	<b>84,797</b>	<b>85,853</b>
<b>Non Current Asset</b>	<b>38,159</b>	<b>28,174</b>	<b>26,540</b>
Net Fixed Asset	32,879	26,551	24,962
Goodwill	3,597	828	828
Non current investments	353	313	297
Other assets	1,329	482	453
<b>Current Assets</b>	<b>63,115</b>	<b>56,623</b>	<b>59,313</b>
Inventories	13,998	13,976	16,095
Trade receivables	16,654	8,381	15,155
Cash, Bank & Investments	29,556	32,272	25,511
Other assets	2,906	1,994	2,552
<b>Total</b>	<b>1,01,274</b>	<b>84,797</b>	<b>85,853</b>
<b>Key Ratios (%) Annualised</b>			
Net Sales to Trade Working Capital	4.33	4.64	3.29
Debt/ Equity Ratio	0.02	Nil	0.04
Net Sales to Fixed Assets <sup>2</sup>	2.21	2.37	2.57
ROCE	22.0%	25.5%	24.0%

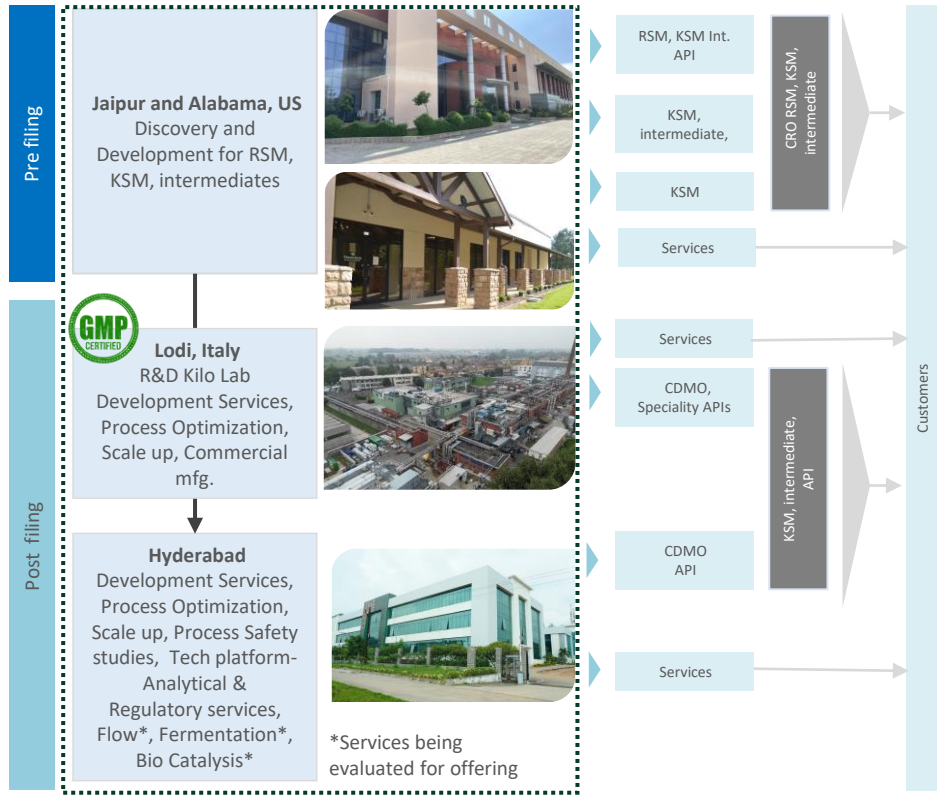
## Highlights of 6MFY24

- Total capex for 6MFY24 is Rs. 7,630 million including Pharma<sup>1</sup> acquired assets of Rs 4,972 million through business combination. The capex excluding this addition is Rs. 2,658 million (6MFY23 Rs. 1,204 million).
  - Continued focus on driving higher capacity utilisation by improving throughput
- Increase in non-current assets including Fixed Deposits of Rs. 614 million.
- Trade working capital in terms of Days of Sales improved to 84 days as on 30-Sep-23 vs. 111 days as on 30-Sep-22.
- Inventory levels of Rs. 13,998 million and Rs. 12,826 million excluding Pharma<sup>1</sup>, reduced in terms of Days of Sales to approx. 63 days to vs. 90 days as on 30-Sep-22.
- Cash flow from operating activities increased 118% to Rs. 6,697 million and Rs 7,253 million excluding Pharma<sup>1</sup> (6MFY23 Rs. 3,078 million).
- Surplus cash net of debt is Rs. 28,909 million.

<sup>1</sup> Pharma: PI Health Sciences Ltd. ("PIHSL") Consolidated including overseas subsidiaries

<sup>2</sup> Fixed Assets includes Goodwill

# PI Health Sciences embarked on a strategic value creation journey



## Q2FY24

Fig in Rs. Million	Q2FY24 Proforma	Ind AS Adjustment	Q2FY24 Reported
Revenue	1,047	(328)	719
Gross Margin	66%		60%
Overheads	616		616
EBITDA	75	(258)	(183)
EBITDA as % of Revenue	7%		(26)%

- Revenue of Rs. 719 million comprising Archimica S.p.A Rs. 651 million; Therachem group Rs 68 million.
- Upgrading infrastructure, building new Kilo Lab, modernising QC etc. at the Lodi facility in Italy.
- Successful debut exhibition at CPHI Barcelona in Oct-23 – expecting to result in build-up of business pipeline.

## H1FY24

Fig in Rs. Million	H1FY24 Proforma	Ind AS Adjustment	H1FY24 Reported
Revenue	1,632	(471)	1,161
Gross Margin	68%		66%
Overheads	1,000		1,000
EBITDA	117	(355)	(238)
EBITDA as % of Revenue	7%		(20)%

- Revenue of Rs. 1,161 million comprising Archimica S.p.A Rs. 1,025 million (from 27-Apr-23); Therachem group Rs 136 million (from 2-Jun-23).
- Inventory of Rs. 1,172 million; Trade working capital of Rs. 2,099 million.

Integration of CRO-CDMO-API platforms underway to build a differentiated pharma play

# State-of-art Manufacturing Assets with continued thrust to adapt sustainable practices



## Digital Edge

- Adaptive Controls to optimize Yield, Quality, Energy & Throughput
- Sensor-based Data Capturing for KPI Monitoring in Utilities

### Key Material Issues

Economic – Contribution to ICT innovation



### SDG Alignment

### Key Highlights 6MFY24

**15 fully** automated Multipurpose Plants (MPPs) with Distributed Control system (DCS) spread across **5 locations**

Economic - Supply Chain Management, Product Safety and Quality Assurance



**90%** of raw material/packing material suppliers assessed for sustainable sourcing including their environmental impacts

Environment – Emission control



Continued reduction in intensity from carbon emissions

Environment – Energy management



Contribution of **4+%** from renewable energy in the total electricity mix

Environment – Materials



Increase in tons of input material recovered and reused

Environment – Water management



**17,590 KL** water recycled through rain water harvesting & RO permeate

Environment – Waste management



Reduction in hazardous waste generation



# World-class R&D set up and technological capabilities enabling future business pipeline

## R&D



Specialized department of **IT experts** focusing on advanced data management

**NABL ISO17025**  
Accredited  
and GLP certified

**40+** Products at different development stages

**~25%** of the New Enquiries from non-agchem space

**3** New Products Commercialized in YTM FY24

Inauguration of the latest addition to our R&D facility (Udaipur) – **pXRD (Powder X-ray Diffraction)** that will help in identification and quantification of different Polymorphs.



1<sup>st</sup> Indian company to receive approval from International Organization for Standardization (ISO) for groundbreaking insecticide named "PIOXANILIPROLE"

State-of-the-art R&D Labs at Udaipur, Hyderabad, Jaipur, Lodi and Alabama

**700+** Scientists & Researchers incl. 200+ Doctorates

**150+** Patents filed

**In-house library** with a vast array of knowledge resources

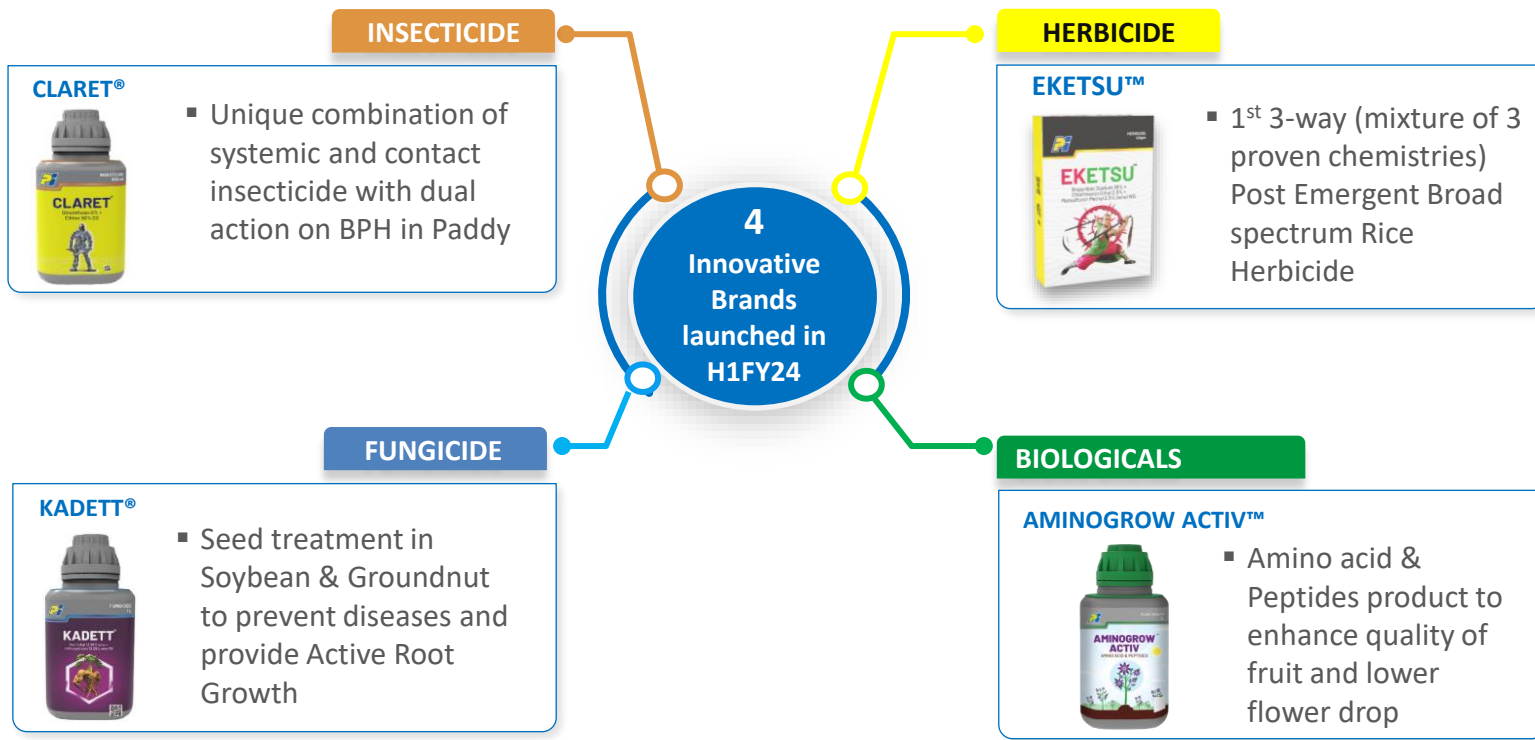
## Agchem Labs



## Pharma Labs



# Momentum of new Brand launches in Domestic market to continue..

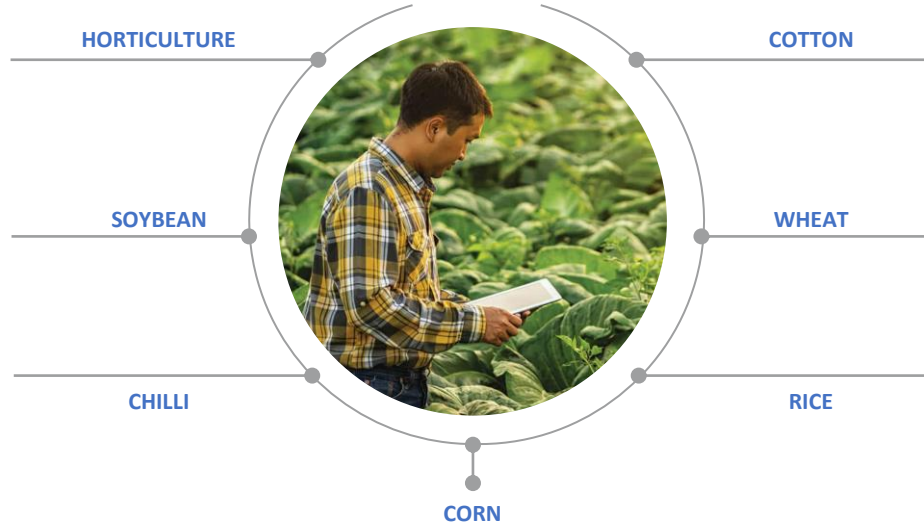


Launching 6 new brands in FY23-24

# Most comprehensive innovative portfolio for all major crops



Inspired by Science



# Farmer remains at the core of our offerings .. Kharif FY24 activities



17 MM Acre  
Treated Area

TREATED ACREAGE



1.2 MM Farmer &  
Retailer Visits

Demonstration = 21,119  
Field Day = 10,300  
Farmer Meeting = 15,557

DEMAND GENERATION  
ACTIVITIES



- Cotton and Rice Crop Solution
- Horticulture and Chilli Crop Solutions

CROP SOLUTION  
APPROACH

INNOVATION IN PROMOTION

- Satkaar Campaign
- Eketsu™ Village Launches
- Rice Herbicide Microbattle
- Distrupor®- XP Hai to Happy Hai
- Chilli & Horticulture Microbattle
- Badlav ki Boond-mandi
- Ek ke Baad Ek - Ek Se Badkar Ek



- Signed a strategic alliance on 11<sup>th</sup> September 2023 to foster advancements in sustainable agriculture practices and jointly innovate in the domain of Agriculture Biologicals.
- **Commenting on the occasion Mr. Mayank Singhal, Vice Chairperson and Managing Director, PI Industries Ltd. said,** “We take great pleasure inking this understanding in the presence of the (demissionary) Honourable Prime Minister of the Netherlands, Mr. Mark Rutte. With a very apparent requirement to ensure food security, the importance of joint biological portfolio development cannot be emphasized more. This partnership towards development and practice of sustainable agriculture perfectly captures the hopes and aspirations of global communities”
- **Sharing his views on the development, Mr. Henri Oosthoek, Advisory Board member of Koppert added,** “Biological crop protection is at the forefront of reshaping agriculture. By harnessing the power of nature and science, both partners aim to work towards sustainable agriculture, ensuring resilient crops, healthier soil and a safer environment. This alliance will amplify our shared commitment towards innovation, research, and the proliferation of sustainable practices within the agricultural sector.”



*Signing from Koppert's side is led by Mr. Henri Oosthoek, Advisory Board member and PI's side by Mr. Mayank Singhal, Vice Chairperson & Managing Director in the presence of the demissionary Prime Minister of the Netherlands, Mr. Mark Rutte.*

# Outlook remains positive...

## Domestic:

Focus on portfolio diversification with high quality revenue

- Monsoon deficit in south and low reservoir levels
- Elevated inventory levels in the industry for row crop agchem products and price pressure from generics
- Focused to support farmers with a crop solution approach and new brand launches
- Expecting recovery in niche crop segments

## CSM Export:

Technology focused approach to drive incremental business

- Continued scale up in demand of the existing and newly commercialised products
- Solid R&D pipeline of diversified portfolio of agchem, electronic, imaging and other specialty chemicals - 4 to 5 products to be commercialized every year
- Capacity expansion in line with plan
- Momentum in new enquiries and conversion to continue

## Health Science:

Building a differentiated play in Pharma CDMO space

- Build-up of Hyderabad research center and staffing at full swing
- Operating model, functional and IT integration of acquired companies (Archimica, Therachem Medilab) underway
- Working with global advisors for business transformation across Commercial, R&D, Manufacturing, Supply Chain
- Capex committed for upgrade of facilities and building cutting-edge capabilities

Progressing on strategic initiatives in line with plan

- Strong pipeline of Biologicals and Biostimulant products at different stages of development
- Working on new technologies and building blocks for future growth
- Discussions continues with global innovators for development partnership of promising R&D leads
- Evaluation of opportunities for inorganic growth continues in multiple strategic areas

...targeting to achieve 18%-20% revenue growth with continued improvement in margins and returns

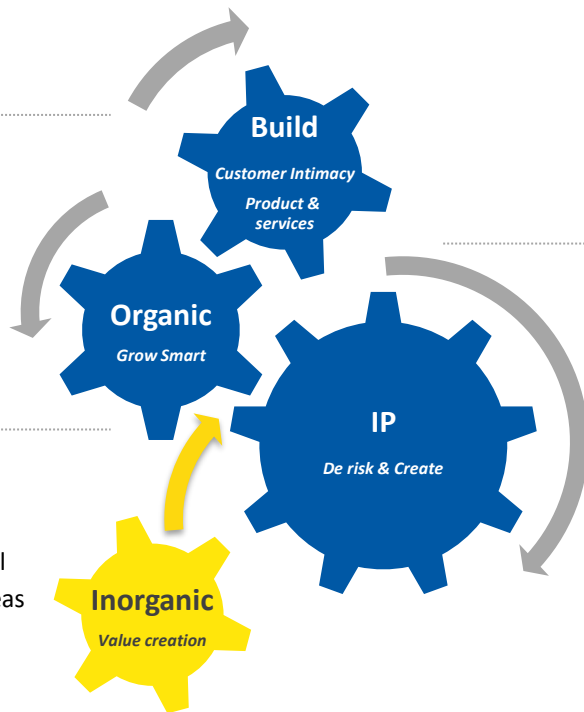
# Multipronged strategy to sustain the growth momentum backed by multiple growth engines & aggressive M&A

## Market

- Expansion
- Creation
- Segments
- Operation excellence
- Brands

## 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



## Deepening our technological capabilities to open new horizons

### De-risk

- Manufacturing concentration
- New formulation of existing products
- Biological

### Process

- Chemistry
- Block Builders
- Process engineering
- Flow

### Digital

- Information integration
- Decision tools

## Multiple Growth Engines / Levers

- CSM - Technologies, patent cliff, process innovation
- Domestic Marketing & Distribution - Product Pipeline
- Biologicals Stream
- Horticulture Specialist - Product pipeline, geographic expansion
- PI Health Science - CRO, CDMO, API to tap > \$100 Bn market opportunity
- Research Product from CRE - Global partnership

Prudent capital allocation to ensure the long-term shareholder value creation

# PI's focus on ESG principles is winning accolades.. ranked among the best ESG rated companies globally



## Environmental SDG Alignment

### Key Material Issues

### Key Highlights 6MFY24

Environment – Climate change



Continued reduction in intensity from carbon emissions

Environment – Biodiversity and ecological conservation



Developed **15** acres of green belt by converting barren land into farmland

Environment – Emissions control



Captive Solar Power Project with an impressive capacity of **887 KWp**. This cutting-edge venture spans across two strategically chosen sites, to power our operations and forge a greener future.

Environment – Energy management



Contribution of **4+%** from renewable energy to total electricity consumption

Environment – Soil Health



Reduction in hazardous waste generation

Environment – Waste management



Hazardous waste disposal through incineration, landfilling and co-processing



Launched revamped Environment related policies in August 2023

<https://www.piindustries.com/sustainability/ehs/sustainable-procurement-policy/>

- Sustainable Procurement Policy
- Occupational Health & Safety Management Policy
- Environment Management Policy



## Social and Governance

- **90%** of raw material/ packing material suppliers assessed for sustainable sourcing including their environmental impacts.
- In YTMFY24, biologicals contributed **9.8%** to the domestic agri brands revenues.
- **60%** increase over FY23 in learning hours by the employees aggregating **110,000+ hours**.
- Access to top content of more than **10,000+ modules** in addition to learning experience platform Percipio.
- Launched **Management Development Program** in collaboration with IIM Udaipur.
- **20+%** of new joiners were campus hires from Tier-1 colleges.
- Increased women's participation in leadership positions by **15+%** over FY23

- PI funded not-for-profit blood bank in Ankleshwar, Gujarat benefited **5,500+** beneficiaries.
- Upgraded Anganwadi centers at Samoj, Jambusar Taluka, Gujarat benefiting **5,000+** children.

S&P Global Corporate Sustainability Assessment (CSA) ranking improved to 95\* percentile

Retained Ecovadis Gold medal in sustainability achievement 2022 with 97\* percentile ranking

\* Under re-assessment

- Water Management Policy
- Equal Employment Opportunity Policy
- Transportation and Distribution Safety Policy





## Culture

- Rolled out the "**PI Compass**" initiative, achieving a 92% completion rate
- Initiated the "**PI Values Assessment**" to reinforce commitment to organizational values



## Capability Development

- Launched "**PARIVARTAN**" training program with 5,000+ hours delivered to 380+ participants.
- Conducted "**Being Creative Together**" workshop for the R&D leadership team



## Talent Management

- Developed "**Udbhav**" succession planning framework
- Rolled out the "**Young Minds Interconnect**" program offering emerging leaders the opportunity to collaborate on strategic projects



## Employee Connect

- "**Leadership Connect**" with 350+ one-on-one interactions and 10+ leadership-centric events
- Celebrated excellence with the "**Above and Beyond Recognition Program**", rewarding top-performing sales managers with trip to Singapore along with family



## Safety Awareness

- Partnered with renowned institutions of **IIT Madras** and **NITM** to deliver specialized safety training for our manufacturing workforce
- Achieved a significant milestone of **9,000+ hours** dedicated to safety training, underscoring our unwavering commitment to workplace safety



# Our CSR efforts focused on community welfare & environment



Inspired by Science

CSR policy directed towards inclusive development that creates value for the society, especially around our plant and farmers across the country



## Swasthya Seva

- Health & wellness support for rural communities through mobile medical facility
- 24,000+ beneficiaries treated in Q2FY24
  - ~6.66 lakh beneficiaries reached so far

## Project Vriddhi

- Improve Health and Nutrition Status of Children and Adolescents
- ~1,300 beneficiaries



## Skill Development Centre at Jambusar

- Providing job oriented & industry relevant vocational trainings to underprivileged youth
- 124 students enrolled in Q2
  - ~3,700 trained so far and ~90% placements completed

## Improved Agriculture and Inclusive Dairy Value Chain Promotion

- ~7,000 women smallholders
- ~28,000 at household level
- ~100% women have financial access
- ~25% Increase in income



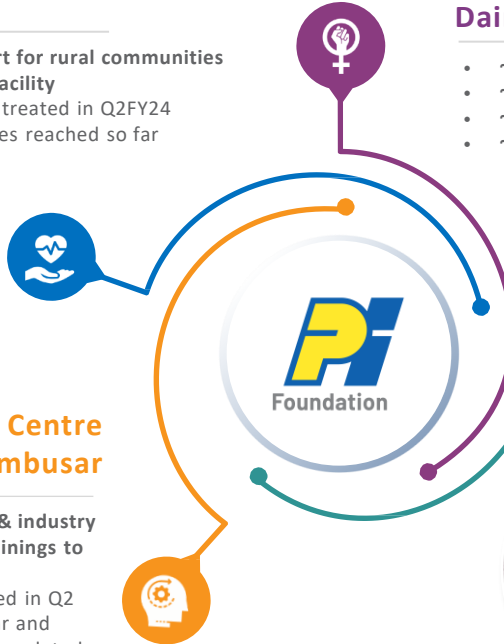
## Improving Learning Outcomes

- Ensure foundational learning in children from class 6-5
- ~7,600 students covered across ~90 government schools
  - ~63,000 students covered so far



## Digitalshala

- Introducing digital learning & smart classes in rural India
- ~30,000 students covered across 100 government schools



## Chairman at CII-NR

**MR. MAYANK SINGHAL**  
chosen as the Chairman at  
CII-NR Regional Committee  
on Agriculture Food  
Processing & Dairy for FY23



## Almedalen, Sweden

**MR. MAYANK SINGHAL**  
delivered the keynote  
address at flagship annual  
event 'Engaging India'



## Golden Peacock National CSR Award 2022

A testament to PI's successful  
purpose-driven and  
innovative CSR interventions



## Golden Peacock Quality Award 2022

PI's constant innovation and  
quality standards set the  
benchmark in the industry



## Karkhana Suraksha Puraskar Award 2023

A testimony to the  
exceptional safety standards  
PI consistently maintains



## PI Industries Ltd., Udaipur wins Gold Award in R&D Sector

under the Apex India  
Occupational Health & Safety  
Award 2023



# Reimagining a healthier planet!



Inspired by Science



“Lead with science, technology and human ingenuity to create transformative solutions in life sciences”



## Courageous

Think *Bold*, act with *Integrity* and be *Accountable*.



## Curious

Question conventional wisdom, be *Open-minded*, *Adaptable* and *Curious*.



## Creative

*Differentiate*, *Collaborate*, *Experiment* and *Execute* ideas at speed.



## Caring

Be *Transparent*, build *Trust*, bring the best out of *People* and embrace *Sustainability*.



## Partner Centric

First to identify & deliver on latent needs of our customers



## Science & Technology Driven

Sustainable solutions by early adoption of cutting-edge science / technology



## Digital Edge

Integrated digital solutions to gain competitive advantage



## People First

Best opportunities for employees to learn & grow



## ESG Anchored

ESG the way of Life



# Business model built on the principles of respect for IP and established relationships

## Domestic Brand Market

*Leading Agchem Distribution Company in India with leading market share in certain crops*

*India's largest CRAMS Company with majority revenue from Patented Products*

## Exports Market

Leveraging our Pan India network, demonstrating brand building capabilities and experienced team to deliver in- licensed, branded generics & co-marketed products

Leveraging on chemistry process research and manufacturing capabilities catering to Global Innovators; Partnering for IP Creation.

R&D Partnership

### SYNERGISTIC APPROACH

*Common Infrastructure  
Develop knowledge,  
products, processes and experience in  
different complex chemistries  
Cross-Selling Opportunities*

### IN-LICENSING

- Introducing new products, partnering with global innovators
- Ensure longer product cycles by brand building
- Develop solutions for the Indian Ag-chem Industry with the partnership approach

### Custom Synthesis & Manufacturing

- Early stages of their life cycles
- Complex Chemistries
- Process development
- IP Protection & Generation

- State of the Art R&D facilities
  - 500+ researchers and scientists
  - Accredited for GLP and 'Norms on OECD Principles' by NGCMA

- To service its customers
- 1 R&D Facility
- 4 Manufacturing Sites
- Domestic Brand Distribution
  - 25 stock points
  - 10,000+ distributors
  - 80,000+ retail points

- 3 Global locations
- Japan for business development activities
- China for Sourcing
- Germany for Knowledge Management

- Consistent track record of financial performance

**Non conflicting business model ... well respected by Global Innovators as Partners**



Thank You