



# PI Industries Ltd.

**Investor Presentation**  
**Q1 FY24 Results**

## AGENDA

### **CDR India**

Siddharth Rangnekar  
[siddharth@cdr-india.com](mailto:siddharth@cdr-india.com)  
Nishid Solanki  
[nishid@cdr-india.com](mailto:nishid@cdr-india.com)  
Tel: +91 22 6645 1221 /1209  
Fax: +91 22 6645 1213

### **PI Industries Limited**

Rajnish Sarna  
[r.sarna@piind.com](mailto:r.sarna@piind.com)  
Manikantan Viswanathan  
[manikantan@piind.com](mailto:manikantan@piind.com)  
Tel: +91 124 6790000  
Fax: +91 124 4081247

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

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# Solid start to the new fiscal...

## Growth momentum continues



Figures in Rs. Million

	Revenue	EBITDA	PAT
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**\*Q1FY24**

19,104 ↑ 24%

4,726 ↑ 35%

3,829 ↑ 46%

Cash flow from operating activities increased by ~60%

Commercialised one new product in Exports and one in Domestic Agri Brands

PI Health Sciences revenue started during Q1FY24

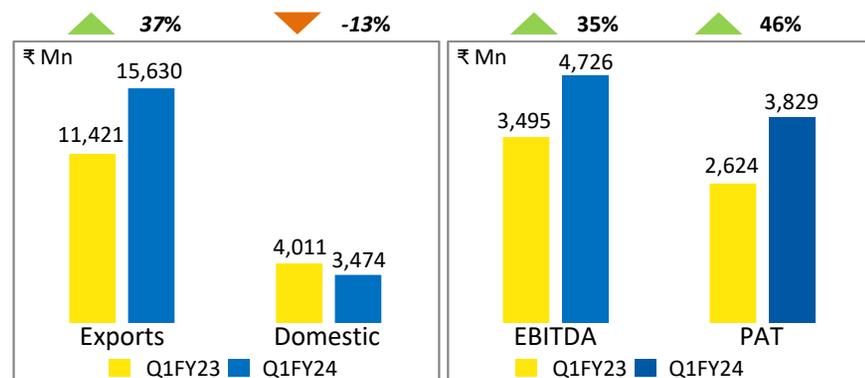
CSM Exports Order Book - USD ~1.8 billion

Trade working capital REDUCED from 102 days to 83 days

\* Consolidated Financials

## Demand traction in CSM exports driving growth in Q1FY24

Fig in Rs. Million	Q1FY23	Q1FY24	% YOY
Revenue	15,432	19,104	24%
Gross Margin	44%	47%	267 bps
Overheads	3,310	4,208	27%
EBITDA	<b>3,495</b>	<b>4,726</b>	<b>35%</b>
EBITDA as % of Revenue	23%	25%	209 bps
Net Profit	<b>2,624</b>	<b>3,829</b>	<b>46%</b>



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

- Overall 24% Y-o-Y revenue growth (21% excluding Pharma<sup>1</sup>)
- 33% growth in Exports, excluding Pharma<sup>1</sup>, driven by volume growth of ~29% and ~4% from price, currency and favourable product mix.
- Domestic revenues were subdued due to delayed monsoon leading to volume degrowth of ~13% as focused efforts were made to achieve revenue quality and efficient working capital levels than the volumes.
- Pharma<sup>1</sup> contributed revenue of Rs. 443 million, i.e. ~3% of total revenue and growth for Q1FY24.
- Gross Margin improved to 47%, an improvement of ~267 bps YoY mainly because of a better product mix and Pharma business.
- Overheads increase of 16%, excluding Pharma<sup>1</sup>, attributable to increased volumes of CSM exports and promotion expenses for the launch of the new products. Overheads and one-time spent of acquired Pharma businesses contributed the remaining.
- 35% growth in EBITDA to Rs. 4,726 million, with EBITDA margin improving by ~209 bps on account of favorable product mix and operating leverage.
- 46% increase in PAT attributable to EBITDA growth, lower ETR despite higher depreciation.

## The balance sheet continues to remain strong amid focused efforts to improve capital efficiency



Fig in Rs. Million	Jun-23	Mar-23	Jun-22
<b>Shareholders Fund</b>	<b>76,094</b>	<b>71,985</b>	<b>63,497</b>
<b>Non Current Liabilities</b>	<b>3,891</b>	<b>994</b>	<b>2,837</b>
Long term borrowings	378	-	1,518
Other long term liabilities	3,513	994	1,319
<b>Current liabilities</b>	<b>17,704</b>	<b>11,818</b>	<b>17,267</b>
Short term borrowings	895	-	1,024
Trade payables	11,379	8,380	11,863
Other current liabilities	5,430	3,438	4,380
<b>Total</b>	<b>97,689</b>	<b>84,797</b>	<b>83,601</b>
<b>Non Current Asset</b>	<b>38,778</b>	<b>28,174</b>	<b>27,161</b>
Net Fixed Asset	32,515	26,551	24,821
Goodwill	3,313	828	828
Non current investments	332	313	448
Other assets	2,618	482	1,024
<b>Current Assets</b>	<b>58,911</b>	<b>56,623</b>	<b>56,440</b>
Inventories	15,265	13,976	15,757
Trade receivables	13,546	8,381	13,377
Cash, Bank & Investments	27,559	32,272	24,784
Other assets	2,541	1,994	2,522
<b>Total</b>	<b>97,689</b>	<b>84,797</b>	<b>83,601</b>
<b>Key Ratios (%) Annualised</b>			
Net Sales to Trade Working Capital	4.38	4.64	3.57
Debt/ Equity Ratio	0.02	Nil	0.04
Net Sales to Fixed Assets	2.13	2.37	2.53
ROCE	21.5%	25.5%	22.4%

### Highlights of Q1FY24

- Total capex for Q1FY24 is Rs. 6,490 million including Pharma<sup>1</sup> acquired assets of Rs 5,249 million through business combination. The capex excluding this addition is Rs. 1,241 million (Q1FY23 Rs. 506 million).
  - Continued focus on driving higher capacity utilisation by improving throughput
- Goodwill increase of Rs. 2,485 million attributable to Pharma acquisition.
- Other non-current assets includes Fixed deposits of Rs. 1,780 million.
- Trade working capital in terms of Days of Sales improved to 83 days as on 30-Jun-23 vs. 102 days as on 30-Jun-22.
- Inventory levels of Rs. 15,265 million and Rs. 14,049 million excluding Pharma<sup>1</sup>, reduced in terms of Days of Sales to approx. 73 days to vs. 89 days as on 30-Jun-22.
- Cash flow from operating activities increased ~60% to Rs. 3,028 million and Rs 3,455 million excluding Pharma<sup>1</sup> (Q1FY23 Rs. 1,915 million).
- Surplus cash net of debt is Rs. 28,066 million. QIP funds remained invested into deposits and debt mutual funds with SLR philosophy while final deployment aligned with PI's long-term growth strategy is underway.

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

<sup>2</sup> Figures in (●) denotes negative value

## PI Health Sciences embarked on a long-term value-creation journey..

committed to building a differentiated pharma play



- PI Health Sciences Ltd. (PIHS) acquired Archimica S.p.A., Italy on 27<sup>th</sup> April 2023.
- PIHS also completed the acquisition of Therachem Research Medilab (India & US) and Solis Pharmachem (India) on 2<sup>nd</sup> June 2023.
- PIHS will combine the acquired businesses' R&D capabilities with the brand-new integrated pharma research centre being developed in IKP Hyderabad for CRO and CDMO offerings.



### Hyderabad Research Centre, INDIA

- Brand new integrated pharma research centre being developed in IKP Hyderabad for CRO and CDMO offerings to a wider set of customers across the entire Pharma value chain
- 115,000 sq. ft. built up area. ground plus 2 floors



### Therachem Research Medilab, INDIA & USA

- TRM is an innovative, chemistry-driven solution provider in medicinal chemistry research, process research and development, specialising in the Rare Disease area.
- Manufacturing facilities in India and R&D facilities in India and the US.
- Works closely with marquee publicly listed US biotech companies and big pharma companies



### Archimica S.p.A. ITALY

- Archimica is an Italy-based, highly reputable small molecule API manufacturer and CDMO operating for last 75 years in Europe
- Servicing over 60 marquee customers in more than 30 countries

Fig in Rs. Million	Q1FY24 Proforma	Ind AS adjustment	Q1FY24 Reported
Revenue	585	(142)	443
Gross Margin	73%		75%
Overheads	384		384
EBITDA	43	(97)	(54)
EBITDA as % of Revenue	7%		N.M.

- Revenue of Rs. 443 million** comprising:
  - Archimica S.p.A: Rs. 374 million (*from 27-Apr-23*)
  - Therachem group: Rs 69 million (*from 2-Jun-23*)
- Gross Margin of 75%.**
- Overheads of Rs. 384 million**, including one-time acquisition, integration and initial business set-up expenses.
- Operating profit before working capital changes is Rs. (38) million.
- Inventory levels of Rs. 1,216 million.
- Trade working capital of Rs. 2,242 million, net of customer advances.

# State-of-art Manufacturing Assets with a continued thrust to improve sustainability quotient..



## Digital Edge

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

### Key Material Issues

### SDG Alignment

### Key Highlights from FY23

Economic – Contribution to ICT innovation



**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



**17%** reduction in carbon emissions intensity from FY22

Environment – Energy management



Contribution of **4.83%** from renewable energy in the total electricity mix

Environment – Materials



**16%** year-on-year increase in tons of input material recovered and reused

Environment – Water management



**14,699** KL water recycled through rain water harvesting & RO permeate



**12%** reduction in consumption of water per metric tonne of production from FY22

Environment – Waste management



**41%** hazardous waste recycled, registering an 80% increase from FY22

## Focus on operational excellence to unlock value and efficiencies.

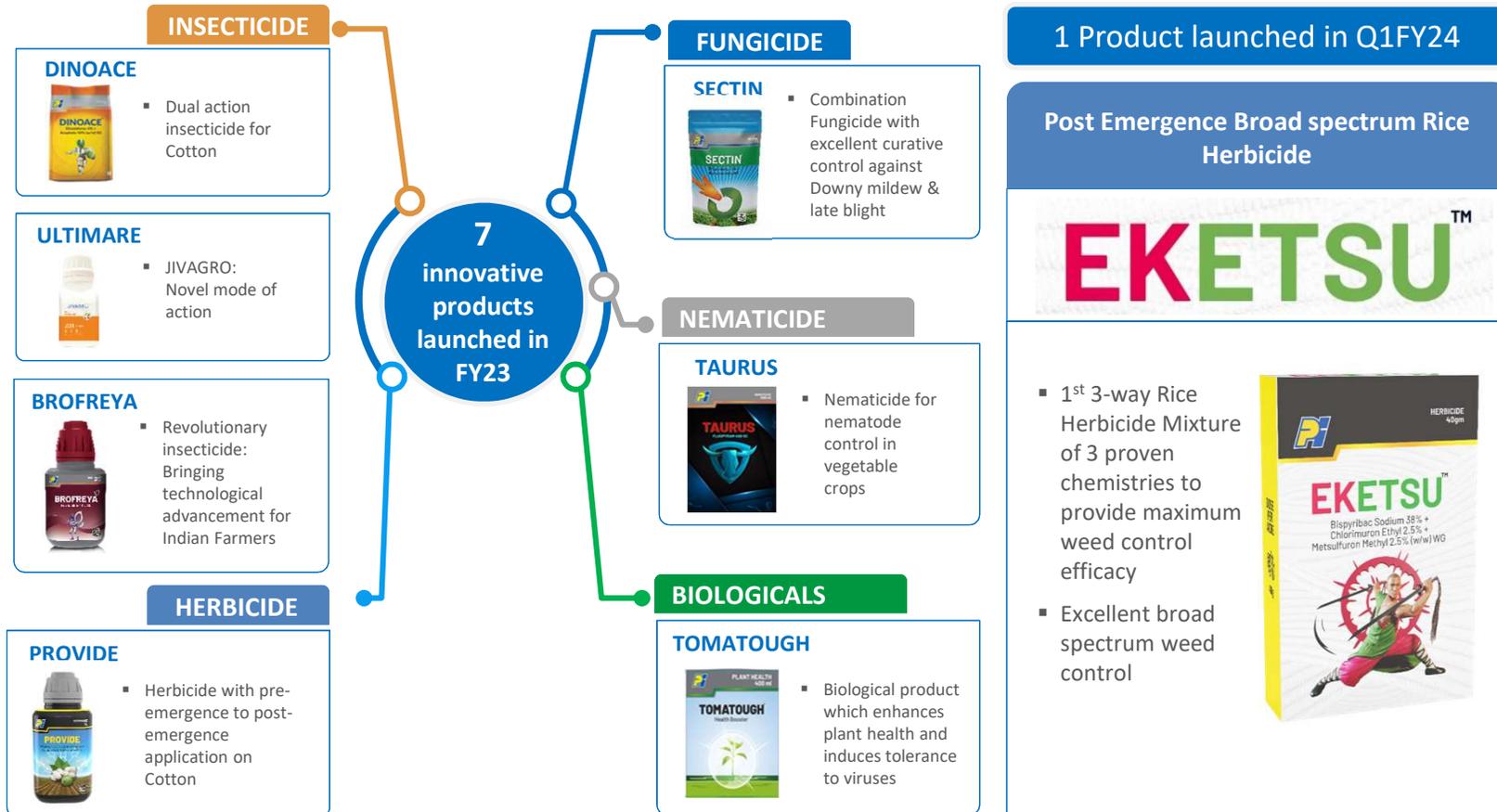
 <p><b>Productivity</b></p>	<p><b>16 products</b> achieved <b>Highest</b> M-o-M production</p>	<ul style="list-style-type: none"> <li>➤ Capacity enhancement carried out for key molecules</li> <li>➤ Monthly asset planning forums for RM supply planning</li> <li>➤ Identification and resolution of recurring Production breakdowns through DMT's &amp; AMT's</li> </ul>
 <p><b>Capacity enhancements</b></p>	<p><b>9.6%</b> - overall capacity enhancement (~<b>10%</b> ↑ YoY)</p>	<ul style="list-style-type: none"> <li>➤ 13 Top molecules identified for capacity enhancement</li> <li>➤ BCT optimized via eliminating stoppages &amp; delays</li> <li>➤ Throughput improvement- batch size &amp; yield improvement</li> </ul>
 <p><b>Cost leadership</b></p>	<p>STRIVE savings Procurement savings</p>	<ul style="list-style-type: none"> <li>➤ Stoichiometry based input quantity reduction led to RMC reduction</li> <li>➤ Yield improvement via recycling, minimizing physical losses and conversion improvement</li> <li>➤ Initiatives- Energy &amp; water conservation, catalyst recycling</li> <li>➤ Direct RM cost reduction via aggressive negotiation, long term contracts</li> </ul>
 <p><b>Inventory reduction</b></p>	<p>Value saving in Engg inventory &amp; <b>585.4 MT</b> of non-moving inventory consumed</p>	<ul style="list-style-type: none"> <li>➤ Periodic evaluation of non-moving inventory and consumption planning in upcoming months post rigorous quality check</li> <li>➤ Recycling of non-moving solvents post Quality check and PD lab trials</li> </ul>

# Sustainability at the Core of our Operational Excellence efforts



 <p><b>Quality</b></p>	<p><b>Zero</b> off-specs in <b>17</b> regular and <b>6</b> new products</p>	<ul style="list-style-type: none"> <li>➤ RCA and CAPA enabled addressal of <b>out of trend</b> in process</li> <li>➤ Close monitoring of potential failure modes</li> <li>➤ Holistic knowledge transfer during inter-site product transfer</li> </ul>
 <p><b>Energy &amp; water conservation</b></p>	<p><b>12.9 Kw/Kg-</b> Specific energy consumption  <b>5.1 %</b> - renewable energy contribution ( <b>11% YoY</b> ↑ )</p>	<ul style="list-style-type: none"> <li>➤ Rooftop solar at Jambusar and hybrid power at Panoli</li> <li>➤ Implementation of Fritz catalyst, VFD in compressors and aerodynamic CTW fan cables</li> <li>➤ Reduction in input water quantity by changing dilutions and recycling of aq. washes</li> </ul>
 <p><b>Waste Optimization</b></p>	<p><b>89%</b> Incinerable Waste moved towards coprocessing (15% ↑ YoY)</p>	<ul style="list-style-type: none"> <li>➤ Sustainable development &amp; cost saving by developing alternate supplier for waste disposal</li> <li>➤ Waste optimization through clubbing of batches in distillation</li> </ul>
 <p><b>Solvent Management</b></p>	<p><b>87.6%</b> Solvent recovery (1.1% ↑ YoY)</p>	<ul style="list-style-type: none"> <li>➤ Improved HE efficiency by de-scaling and utility change</li> <li>➤ Solvent recovery from aq. streams, spent solvent and residue</li> <li>➤ Solvent input quantity reduction, solvent change, elimination of distillation by recycling of organic layers, recycling of aq layers</li> </ul>

# The momentum of new product launches in the domestic market continues.



## The outlook remains positive...



### Domestic:

Focus on portfolio diversification with launch of novel offerings

- July turnaround in rainfall has enabled a smart pick-up in kharif plantation.
- Focus on launch of new product launches and growth of the products launched over the last few years
- “Dual growth engine” with **JIVAGRO** focusing on horticulture segment with enhanced portfolio

### CSM Export:

R&D focused approach to drive incremental business

- Global industry headwinds, particularly in the generic space continue
- Cautiously Optimistic for scale up in demand of the existing and newly commercialised products
- R&D pipeline progressing well – 4 to 5 products to be commercialized every year
- Capacity expansion in line with plan

### Health Science:

Building a differentiated play in Pharma CDMO space

- Build up of Hyderabad research center and staffing at full swing to be Ready-for-Revenue
- Operating model, functional and IT integration of Archimica S.p.A. and 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
- Identifying new chemistries and building blocks for future growth
- Discussions continues with global innovators for development partnership of promising R&D leads
- Evaluation of opportunities for bolt-on acquisition in pharma continues

**... continues to target 18-20% revenue growth with improvement in margins**

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

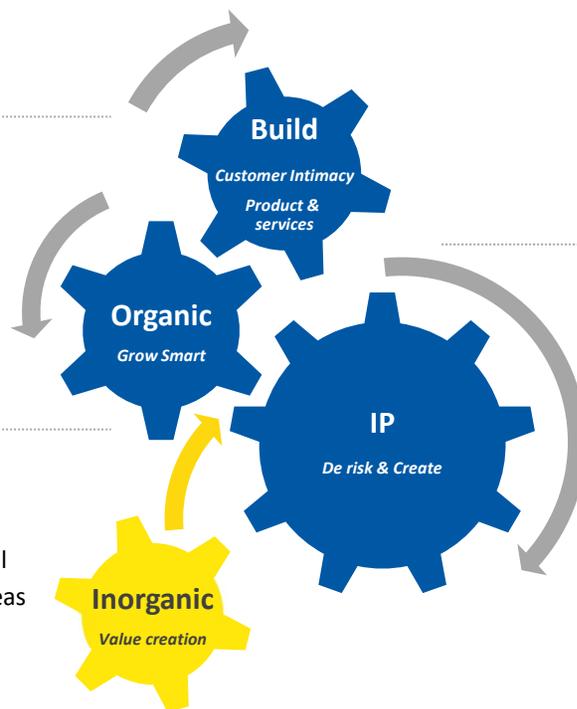


## Market

- 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 Highlights from FY23

#### Key Material Issues

Environment – Climate change



**17%** reduction in intensity from carbon emissions from FY22

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 **637 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 **4.83%** from renewable energy to total electricity consumption

Environment – Soil Health



Nearly **80%** increase from FY22 in hazardous waste recycled

Environment – Waste management



**9%** reduction from FY22 in hazardous waste disposed off through incineration, landfilling and co-processing

Environment – Water management



**12%** from FY22 in quantity of water consumed per metric tonne of production



## Social and Governance

- **90%** of raw material/ packing material suppliers assessed for sustainable sourcing including their environmental impacts.
- **16%** year-on-year increase in tons of input material recovered and reused.
- In FY23, biologicals contributed **9.2%** to the domestic agri brands revenues.
- **90%** increase over FY22 in learning hours by the employees aggregating **70,000+ 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.
- **60+%** of new joiners were campus hires from Tier-1 colleges
- Increased women's participation in leadership positions by **23%**

- Collaboration with **Institute for Global Development (IGD)** to create an integrated model of improved health and nutrition status of children and adolescents.
- Inaugurated the newly upgraded Anganwadi centers at Samoj, Jambusar Taluka, Gujarat benefiting **5,000+** children.

S&P Global Corporate Sustainability Assessment (CSA) ranking improved to 93 percentile

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

# People first: HR Snapshots



## Culture

**89%** employees ✓ PI compass training provided to define culture through clear observable actions



## Capability Development

**86** employees ✓ Training from IIT Madras & NITIE Mumbai - in WPS, PS & Quality.



## Talent Management

**27** GET & **117** ✓ Building a talent pool pipeline at associate Science Trainees level



## Employee Connect

HR Apke Dwar & engagement events ✓ **250+** meetings & **52** events conducted ; witnessed **70%** employee participation



## Employee Wellness

**21** Health ✓ Active participation seen with coverage awareness sessions across varied topics like Diet, Hypertension, Stress Management, Diabetes control etc.



## Idea generation

**4.3** suggestions ✓ 9500+ suggestions received as opposed to 5700 suggestions in FY22 per employee



Inspired by Science

## Our CSR efforts focused on community welfare & environment

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



# Rewards and Recognition



## Chairman at CII-NR

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

## Almedelan, 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

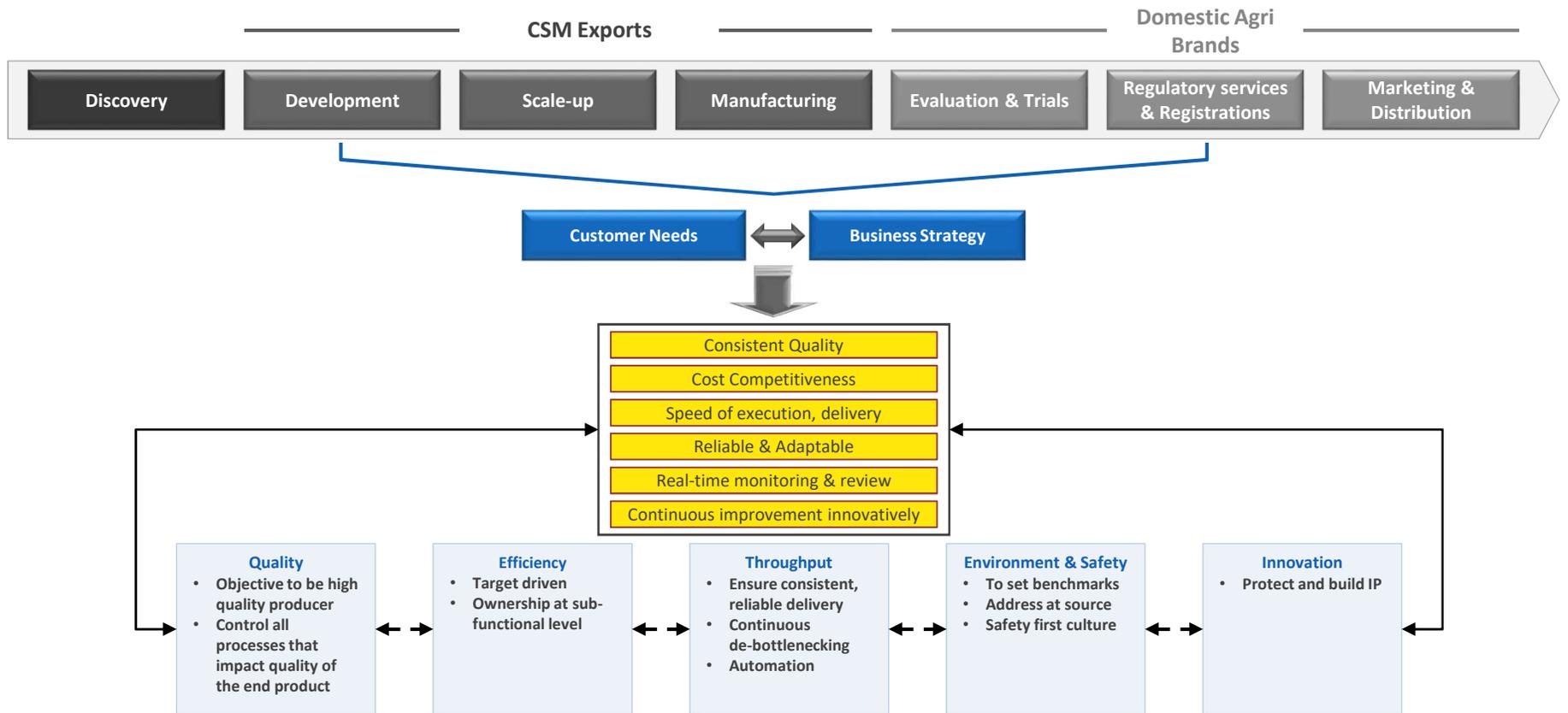
# Performance underpinned by PI's Compass



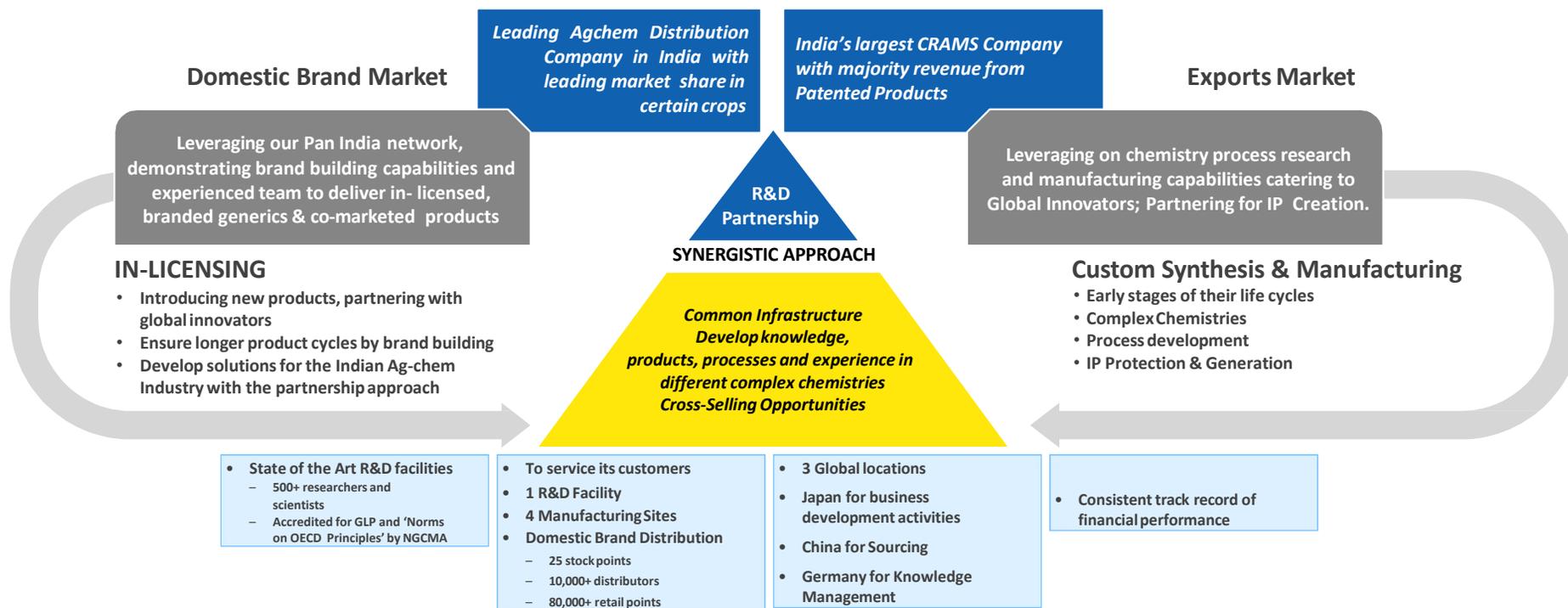
<b>Purpose</b> 	<b>Reimagining a healthier planet</b>			
<b>Vision</b> 	<b>Lead with science, technology and human ingenuity to create transformative solutions in life sciences</b>			
<b>Capabilities</b> 	<b>Partner centric</b>	<i>First to identify and deliver on latent needs of our customers and partners</i>		
	<b>Science &amp; Technology driven</b>	<i>Sustainable solutions by early adoption of cutting-edge sciences/technologies</i>		
	<b>Digital edge</b>	<i>Integrated digital solutions to gain competitive advantage</i>		
	<b>People first</b>	<i>Best opportunities for employees to learn and grow</i>		
	<b>ESG anchored</b>	<i>ESG as a way of life</i>		
<b>Values</b> 	<b>Courageous</b>		<b>Curious</b>	
	<ul style="list-style-type: none"> <li>• Think and act boldly</li> <li>• Act with integrity</li> <li>• Be accountable</li> </ul>		<ul style="list-style-type: none"> <li>• Question conventional wisdom</li> <li>• Be open-minded and adaptable</li> <li>• Develop intellectual curiosity</li> </ul>	
	<b>Creative</b>		<b>Caring</b>	
	<ul style="list-style-type: none"> <li>• Connect unseen dots to differentiate</li> <li>• Collaborate and experiment</li> <li>• Create an environment to execute ideas with speed and excellence for skills</li> </ul>		<ul style="list-style-type: none"> <li>• Be transparent</li> <li>• Trust each other</li> <li>• Bring the best out of people</li> <li>• Embrace sustainability</li> </ul>	

# Presence across the Agchem value chain

Strong focus on customer needs and continuous innovation



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



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

Thank You

