



Inspired by Science

Founded on Trust.  
Envisioning Infinite Possibilities.

**PI Industries Ltd**

ANNUAL REPORT 2013-14

PI Industries Ltd. is an inspired company.

Inspired by science.

Inspired by the prospect of creating a difference.

Inspired by the prospect of enhancing value.

India is at the cusp of momentous growth; PI is positioned at the forefront of science-led innovative solutions.

Over the years, PI has leveraged scientific knowhow to revolutionise agriculture in India. The Company's repertoire of brands, backed by in-licensed innovator molecules and customised applications, are helping increase productivity and farm output, catalyzing rural prosperity.

PI's strong marketing and distribution network covers more than 40,000 retail points and 9,000 distributors / direct dealers across all major agricultural nodes; our strong agricultural extension and unique product delivery mechanisms have translated into enduring farmer trust.

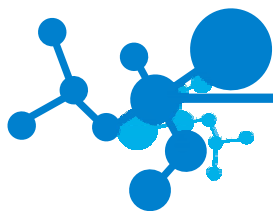
PI is one of India's leading custom synthesis companies, partnering innovators from molecule conception to commercialisation through extensive process development and technology-related inputs.

PI's expertise in complex chemistry, state-of-the-art infrastructure (manufacturing and research) and ability to provide quick reliable solutions have helped inspire the trust of the world's foremost agrochemical players.

PI's model around relevant IPRs has resulted in the company emerging as a chosen partner for several innovators, working with cutting-edge science and deriving more than 95% of our revenues from patented molecules.

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At PI Industries, our business is woven around partner trust.

This trust is not incidental to the Company's business; it is integral to it. The comfort that it provides partners is not a business detail; it is the core business driver.

Trust is the glue that binds PI with its stakeholders leading to deep-rooted relationships. This is the biggest asset that we have built in our business over the past five decades.

PI has invested trust with various attributes - technical competence, research effectiveness, marketing reach, in-licensing proficiency, manufacturing capability, respect for intellectual property and deep-rooted governance, leading to higher revenues, margins and profits.

Trust enriches.





## PI INDUSTRIES LIMITED WON THE PRESTIGIOUS AGROW AWARD 2013 AS THE BEST SUPPLIER TO THE CROP PROTECTION INDUSTRY

At the prestigious Agrow Awards 2013, PI Industries Ltd. won the Best Supplier Award. The Agrow Awards held in Amsterdam are an annual event celebrating achievements within the crop protection sector while honouring key industry players and innovators.

The Agrow Awards are recognized as a significant platform within the global crop protection industry. The recognition provided by Agrow Awards reaffirms PI's standing as a significant player in the global agrochemicals industry. PI was also nominated under the category of 'Best Marketing Campaign' for its rice herbicide brand 'Nominee Gold', where it shared nominations with BASF Corporation, Arysta LifeScience and Dow AgroSciences, among others.

*"We are very pleased to receive the Best Supplier award in the fine chemicals export category at the Agrow Awards. This is the recognition of hard efforts by our team in achieving high levels of customer satisfaction. With respect for IPR deeply ingrained in our DNA, PI has always stood tall in a highly competitive marketplace for agrochemicals. Thanks to a clear vision and consistent by superior performance in our focus markets of domestic agri-inputs and custom synthesis exports, we have set high expectations for ourselves. With the visibility afforded by the key drivers of businesses, I am confident that PI is poised to scale greater heights."*

**Mayank Singhal**

*Managing Director & CEO*



# CORPORATE IDENTITY

## About the Company

PI Industries Ltd. (PI) is among India's fastest growing agrochemical manufacturing and marketing companies. Incorporated in 1946, the Company was initially named Mewar Oil & General Mills Ltd. and subsequently rechristened PI Industries Limited in 1993.

## Location

The corporate office is located at Gurgaon (Haryana) and its R&D unit is set up in Udaipur (Rajasthan). Functioning across multiple states, PI Industries

operates a number of best-in-class facilities manned by an experienced in-house engineering team. These facilities include three formulation units and six multi-product plants across manufacturing sites at Panoli and Jambusar in Gujarat and Jammu in J&K.

## Listing

PI is listed on the BSE and the NSE where its shares are traded actively. The market capitalization of the Company stood at Rs 3786.55 crore as on 31st March 2014.

## MARKET SEGMENTS

### Domestic agri-inputs

Agri inputs comprising plant protection products (herbicides, insecticides, fungicides) as well as specialty plant nutrient products and solutions. PI's strong rural brand equity among millions of Indian farmers has been the result of a robust portfolio of differentiated products that bring about a substantial improvement in crop productivity.

### Custom synthesis exports

Custom synthesis and contract manufacturing of agro-chemicals, pharma intermediates and other niche fine chemicals that address the growing needs of global innovators. This is based on a strong R&D support system, robust process development, large-scale manufacturing capabilities and strong pipeline of newly-discovered chemistries in collaboration with reputed global innovators.

### Products

PI's domestic agri-input portfolio consists of in-licensed products, which are newly launched / patented molecules by innovators. Some of the key brands comprise Nominee Gold, Osheen, Foratox, Fosmite, Biovita and Rokat. The Company also produces and markets branded generic agri input products. PI pioneered the introduction of granular formulations in India and, over the years, emerged as a market leader and the largest producer of molecules like Profenofos, Ethion and Phorate.

### Service offering

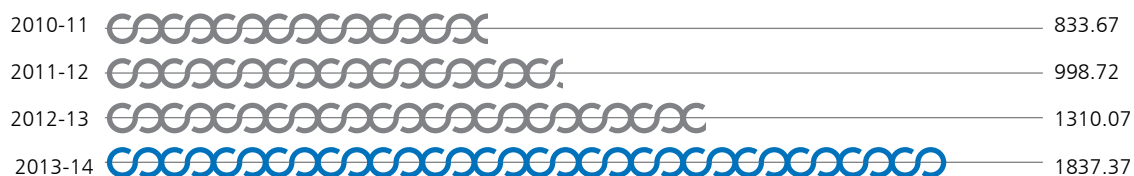
- Process R&D
- Analytical method development
- Synthesis of high-purity products and impurities for analytical reference standards
- Five batch analysis under GLP conditions
- Detailed engineering and
- Large-scale chemical manufacturing



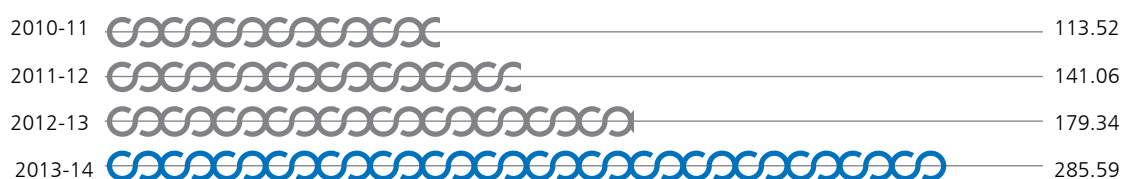
# HIGHLIGHTS

## OF OUR PERFORMANCE DOWN THE YEARS

### Gross revenue (Rs crore)



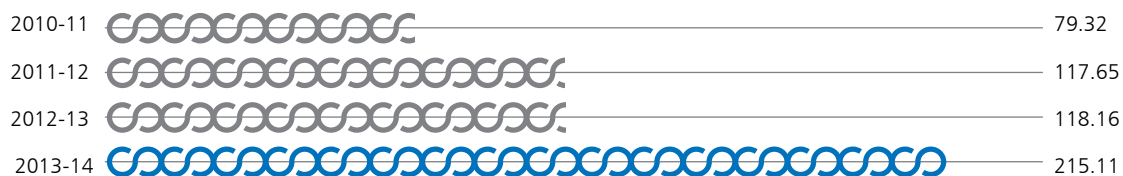
### EBITDA (Rs crore)



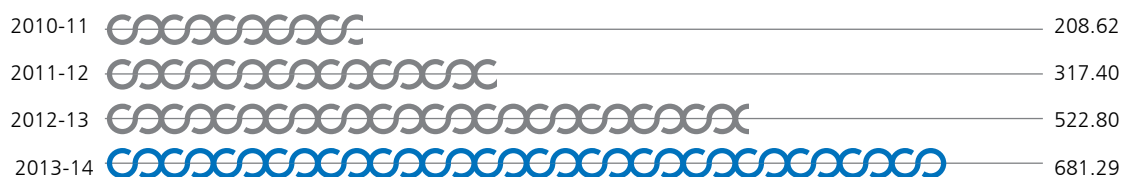
### Net profit (Rs crore)



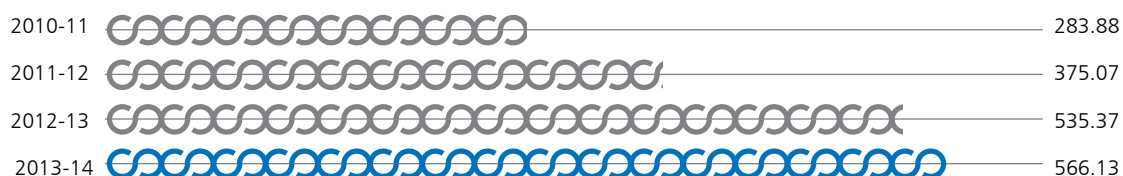
### Cash profit (Rs crore)



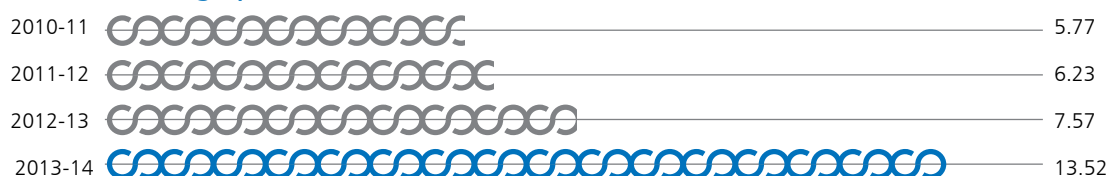
### Net worth (Rs crore)



### Net fixed assets (Rs crore)



### Earnings per share (Rs)



# KEY HIGHLIGHTS OF FY 2013-14

- Total net revenues increased by 39% to ₹1594.92 Cr in 2013-14 from ₹1150.53 Cr in 2012-13, due to favourable traction in the domestic market on the back of a robust brand portfolio, offtake of new products and a ramp-up of custom synthesis exports.
- The EBITDA for the year grew to ₹285.59 Cr from ₹179.34 Cr in 2012-13 an increase of 59% YoY. EBITDA margin improved 232 basis points to 17.90% in 2013-14 over 2012-13 and PAT margin strengthened 315 basis points to 11.52% in 2013-14 over 2012-13.
- The earnings per share (EPS) for the year stood at ₹13.52, an increase of 79% compared to ₹7.57 per share in the previous year.
- The debt-equity ratio significantly improved to 0.13 as on 31 March 2014 against 0.35 as on 31 March 2013 owing to an increase in net worth along with a concurrent reduction in long-term debt.
- The operating cash flow (before investment) considerably improved to ₹216.59 Cr during 2013-14 from ₹102.57 Cr during 2012-13.
- The Company invested ₹64.49 Cr in fixed assets, increasing production and R&D capabilities.
- The Company's credit rating was upgraded to 'CRISIL AA-/Stable/CRISIL A1+' from 'CRISIL A+/Stable/CRISIL A1'.
- The Company was able to significantly reduce its working capital cycle to 65 days of turnover equivalent during 2013-14 from 83 days during 2012-13.
- The Company's total dividend declared during the year under consideration was ₹2 per share (200%) on equity shares carrying a face value of ₹1 each.
- The Company introduced two new products during the year under review – MELSA, a wheat herbicide and PIMIX, a rice herbicide under co-marketing agreements with the innovator MNCs to provide integrated weed management solutions to wheat and rice growers respectively.
- The Company signed three new agreements with their patent holders in the insecticide/ herbicide/ fungicide segments to evaluate their potential in the domestic market.
- The Company commercialized three new molecules for custom synthesis exports, which are expected to gain traction over the next few years.
- During the year under review, the Company won the prestigious Agrow Award as the 'Best Supplier' to the global crop protection industry for its custom synthesis exports. Further, the Company was nominated in the 'Best Marketing Campaign' category for its domestic agri input brand Nominee Gold.

## CHAIRMAN'S MESSAGE

*Dear Shareholders,*

It gives me immense pleasure to present to you the performance of your Company in 2013-14. We recorded all-round growth during the year under review. Based on a strong product portfolio comprising exclusive in-licensed products for marketing in India, the domestic agri-inputs segment reported strong revenue growth that outperformed the sectoral growth average yet again. Besides, 2013-14 was one of the stronger years for the country's agriculture sector. On the other hand, custom synthesis exports recorded another year of excellent growth owing to strong demand emanating from our global customers.

