

PI Industries Ltd

ANNUAL REPORT 2014-15



Inspired by Science

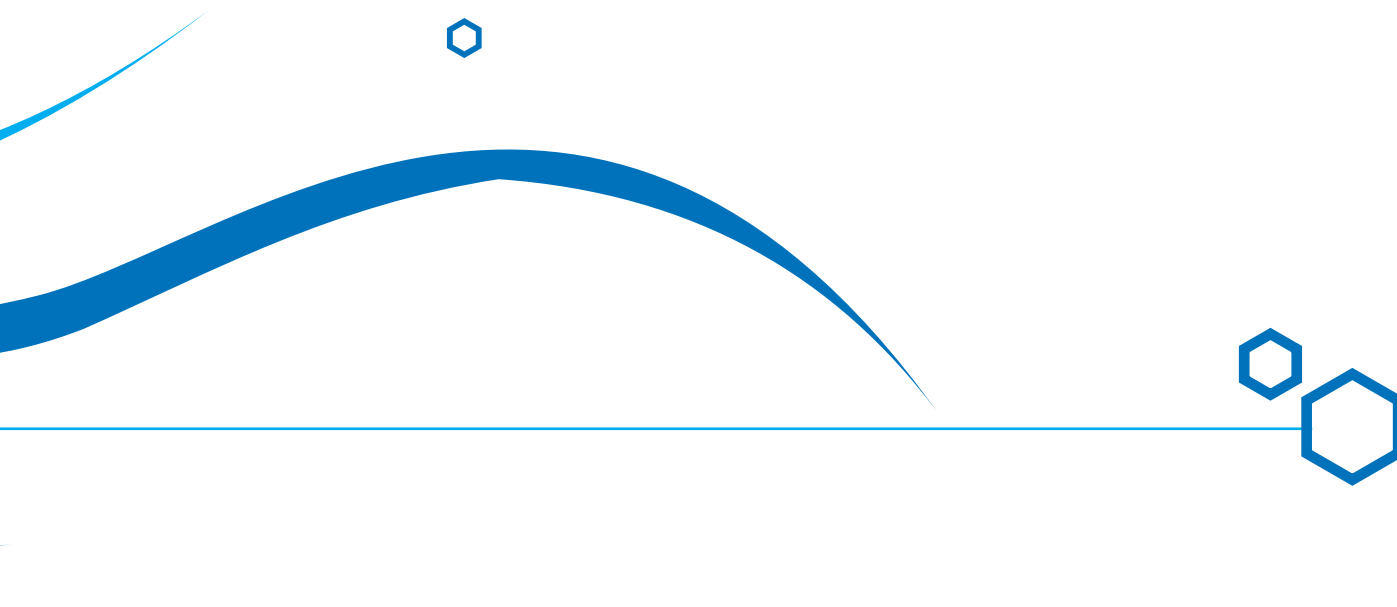
ROOTED DYNAMISM





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THEY SAY SCIENCE EXPLAINS THE WORLD

— for us science is our world.

⬡ The science of chemistry.

⬡ The science of relationships.

⬡ The science of inspiration.

Rooted Dynamism

We believe in progress. We believe in facing challenges and adapting to changing needs of the market. We believe in dynamism. It is this belief that has led us to explore and succeed in uncharted territories over 65 years of our existence.

From being a small generic agrochemical company few decades ago to successfully building a unique business model and becoming a leading player in the agrochemical value chain, PI has traversed boundaries, both national and international, setting new benchmarks.

But at the core of it all is our rootedness.

We are deep rooted in our values of Trust, Adaptability, Speed and Innovation which we believe has brought us here. At one end we are young and innovative in our ideas, at the other our knowledge, experience and competencies have demonstrated consistent maturity in our deliveries. The success & superiority of PI also lies in its strong corporate governance that has helped build deep-rooted relationships with our stakeholders.

With roots that hold us firmly to the ground, and branches that stem towards the dynamic world of opportunities, PI is progressively attaining new heights and creating a value of trust.

CORPORATE IDENTITY

About the Company

Incorporated in 1947 (as Mewar Oil & General Mills Ltd.) with its registered office in the lake city of Udaipur, Rajasthan, PI Industries Ltd. (PI) has grown to be the leading Agri-Input and Custom Synthesis Company.

Domestic Agri-Input

Today PI is one of the leading Agrochemical companies in India. With a pan India presence of more than 8,000 distributors, 35,000 plus retail outlets and 350 marketing professionals, PI has been contributing to the prosperity and well being of millions of farmers in India. 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.

Products

PI manufactures and markets agrochemicals, plant nutrients, specialty fertilizers and hybrid seeds that provide farmers solutions for improving crop productivity, save crops from pests, weeds and diseases and enhance their prosperity. PI's domestic Agri-Input portfolio consists of in-licensed products, which are newly launched / patented molecules by global innovators. Some of the key brands include NOMINEE GOLD, OSHEEN, KEEFUNG, BIOVITA, KITAZIN, FORATOX, FOSMITE and ROKET. PI pioneered the introduction of granular formulations in India and, over the years, emerged as a market leader and the largest producer of some generic molecules.

Custom Synthesis Exports

PI does Custom Synthesis & Manufacturing for agro chemicals active ingredients, intermediates and other niche fine chemicals for global innovators. It provides right solutions for all chemical related needs with flexibility, precision and passion.

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
- Large-scale chemical manufacturing

Location

The company's registered office is located in Udaipur and corporate office in Gurgaon. PI currently operates three manufacturing sites in Gujarat having three formulation units and six multi product plants for manufacturing of active ingredients and intermediates. The Company's R&D set up is located at Udaipur. These state-of-art facilities have integrated process development teams with in-house engineering capabilities. PI operates through its subsidiary in Japan for its business development activities there. It also has an office in Dusseldorf (Germany) for these activities and an office in Shanghai (China) for raw material sourcing activities.

Listing

PI is listed on the BSE and the NSE where its shares are traded actively. The market capitalization of the Company stood at ~₹8,300 Crore as on March 31, 2015.



OUR VISION



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

Our Values



TRUST

Like the earth,
we are dependable

We work with integrity of purpose, honesty
in action and fairness in all our dealings.



ADAPTABILITY

Adaptive, like water

Constantly transforming ourselves like water,
we are nimble footed and highly responsive
to change.



SPEED

Blazing ahead, like fire

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



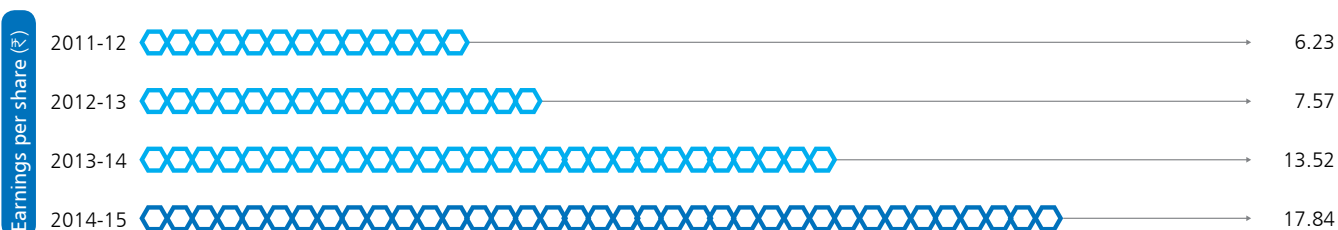
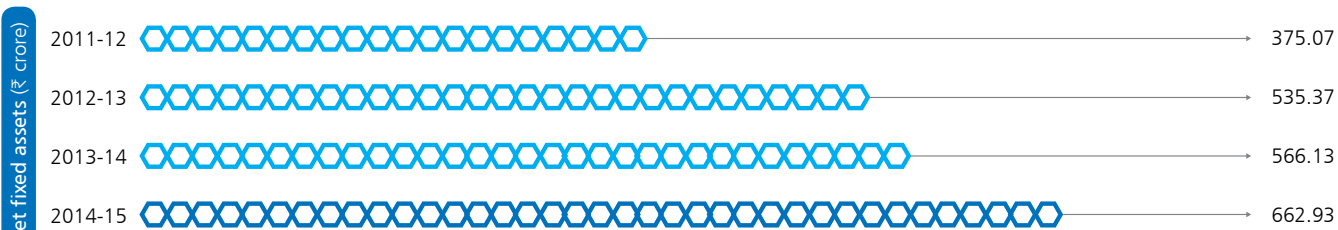
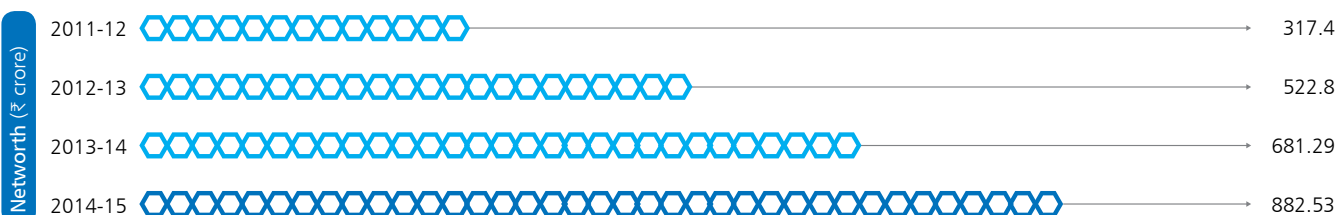
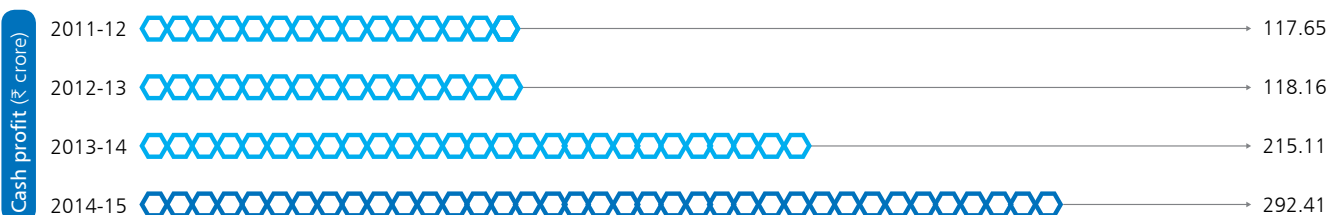
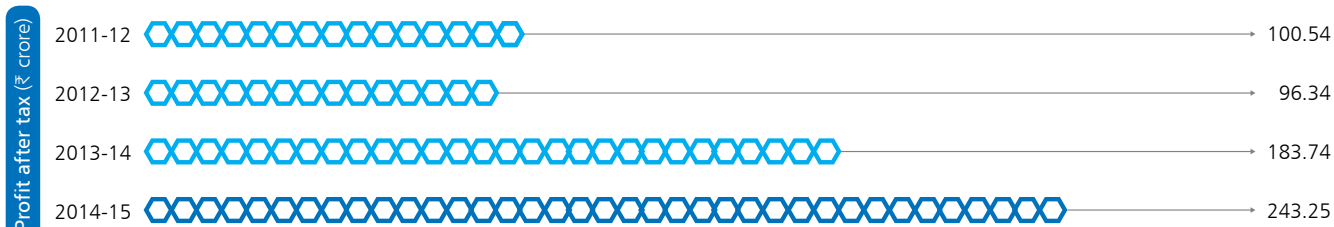
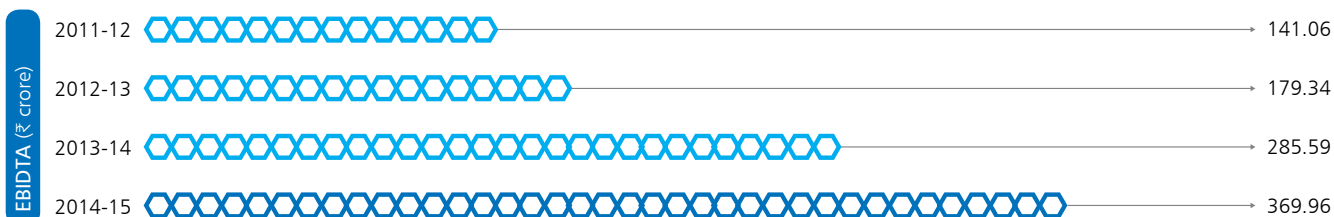
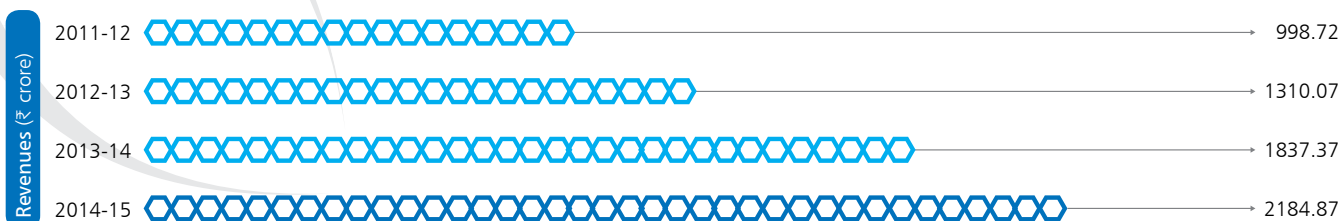
INNOVATION

Enlivening, like the air

The constant quest for horizon, the never
ending search for a better, newer way to do
things. Innovation is a way of life for us.



Performance over the years



Key highlights of FY 2014-15

Total net revenues increased by 21.61% to ₹1,939.65 Cr in 2014-15 from ₹1,594.92 Cr in 2013-14, due to volume expansion of key existing product, increased contribution from innovation based products and high momentum in commercialized molecules. The EBITDA for the year grew to ₹369.97 Cr from ₹285.59 Cr in 2013-14 an increase of 29.55% YoY. EBITDA margin improved 117 basis points to 19.07% in 2014-15 over 2013-14 and PAT margin strengthened 102 basis points to 12.54% in 2014-15 over 2013-14.

The Company's Bank facilities credit rating was reaffirmed at 'CRISIL AA-/Stable/CRISIL A1+' during the FY 2014-15.

The Company introduced two new products during the year under review – KEEFUN, a novel insecticide with broad spectrum focus under exclusive in-licensing agreement and BUNKER, a broad spectrum herbicide.

The earnings per share (EPS) for the year stood at ₹17.84, an increase of 31.95% compared to ₹13.52 per share in the previous year.

The Company commercialized two new molecules for custom synthesis exports, which are expected to gain traction over the next few years.

The Company's total dividend declared during the year under consideration was ₹2.5 per share (250%) on equity shares carrying a face value of ₹1 each.

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 debt-equity ratio significantly improved to 0.09 as on March 31, 2015 against 0.13 as on March 31, 2014 owing to increase in net worth coupled with significant reduction in long term borrowing.

During the year under review, Mr. Salil Singhal, the Chairman & Managing Director of the Company has won numerous accolades - the prestigious Entrepreneur of the Year Award 2014 from Ernst & Young, Best CEO Award 2014 from Business Today and Lifetime Achievement Award at 7th International Agriculture Summit 2014.

The Company invested ₹168.49 Cr in fixed assets, increasing production and R&D capabilities.

Recently, the Company had also won the 'Golden Peacock Award' 2015 in the Environment Management category.

Chairman's message



Dear Shareholders,

I am once again very pleased to address you. Your Company (PI) has gone through a journey of over six decades. Having seen many ups and downs in the past, PI has now over the last decade built a business model anchored by respect and trust of its customers due to its performance and growth. We have been bringing new generation molecules from global innovators and are marketing them in the country for many years. These products that we offer are acknowledged for the tremendous value they bring to the crop protection solutions for our farmers and greatly help them to reap higher yields and profits. Over the years, we have worked out unique models for launching early stage products thereby helping us to be able to reap the benefits of multiple years of growth.

