



PIIL/SEC/NSE/BSE:46/2023-24
August 09, 2023

BSE Limited Corporate Relationship Deptt. PJ Towers, 25 th Floor, Dalal Street, Mumbai – 400 001 Code No.523642	National Stock Exchange of India Ltd. Exchange Plaza, Plot No.C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Code No. PIIND
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Dear Sir/Madam,

Sub: Press Release on the performance of the Company for the quarter ended June 30, 2023.

We are enclosing herewith a copy of Press Release on the performance of the Company for the quarter ended June 30, 2023 in accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully,
For **PI Industries Limited**

Sonal Tiwari
Company Secretary

Encl: As above.



PI Industries Ltd.

Investor Presentation
Q1 FY24 Results

AGENDA

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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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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

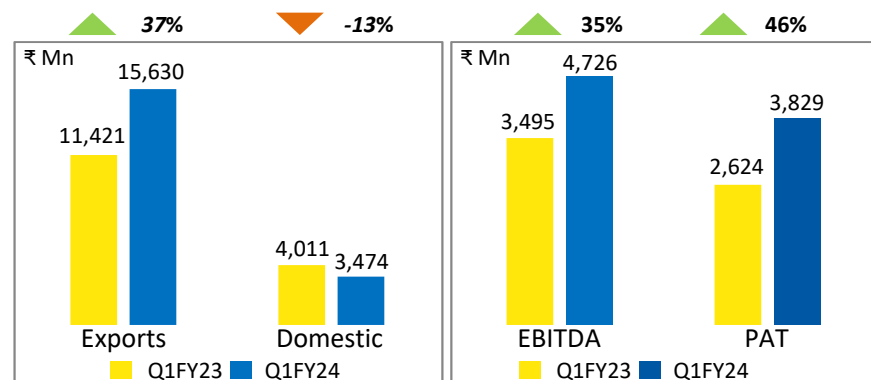
CSM Exports Order Book - USD ~1.8 billion

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	3,495	4,726	35%
EBITDA as % of Revenue	23%	25%	209 bps
Net Profit	2,624	3,829	46%



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

- Overall 24% Y-o-Y revenue growth (21% excluding Pharma¹)
- 33% growth in Exports, excluding Pharma¹, 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.
- Pharma¹ 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 Pharma¹, 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
Shareholders Fund	76,094	71,985	63,497
Non Current Liabilities	3,891	994	2,837
Long term borrowings	378	-	1,518
Other long term liabilities	3,513	994	1,319
Current liabilities	17,704	11,818	17,267
Short term borrowings	895	-	1,024
Trade payables	11,379	8,380	11,863
Other current liabilities	5,430	3,438	4,380
Total	97,689	84,797	83,601
Non Current Asset	38,778	28,174	27,161
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
Current Assets	58,911	56,623	56,440
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
Total	97,689	84,797	83,601
Key Ratios (%) Annualised			
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 Pharma¹ 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 Pharma¹, 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 Pharma¹ (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.

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

² 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 27th April 2023.
- PIHS also completed the acquisition of Therachem Research Medilab (India & US) and Solis Pharmachem (India) on 2nd 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.



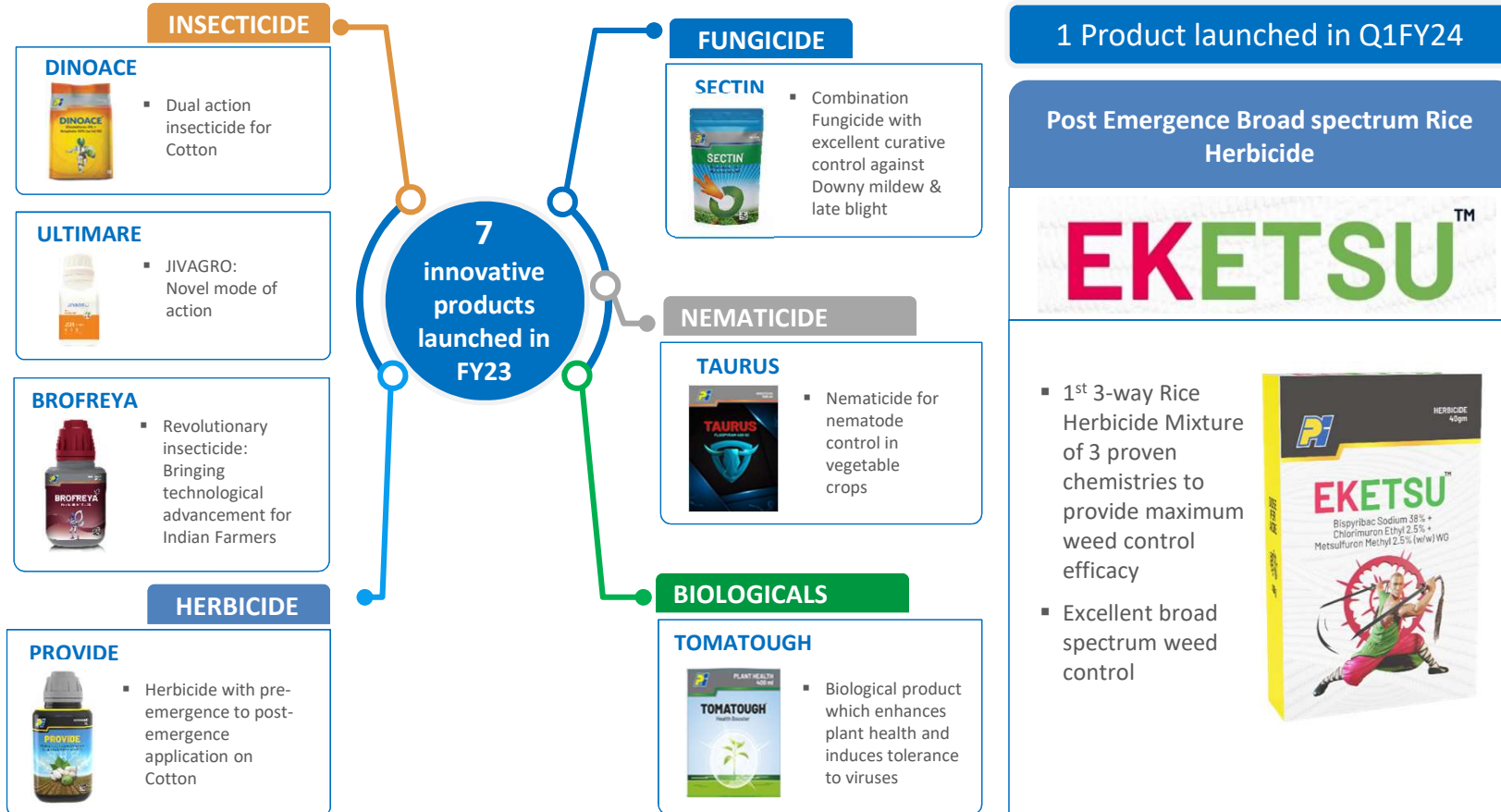
 <p>Productivity</p>	<p>16 products achieved Highest M-o-M production</p>	<ul style="list-style-type: none"> ➤ Capacity enhancement carried out for key molecules ➤ Monthly asset planning forums for RM supply planning ➤ Identification and resolution of recurring Production breakdowns through DMT's & AMT's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

Sustainability at the Core of our Operational Excellence efforts



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

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

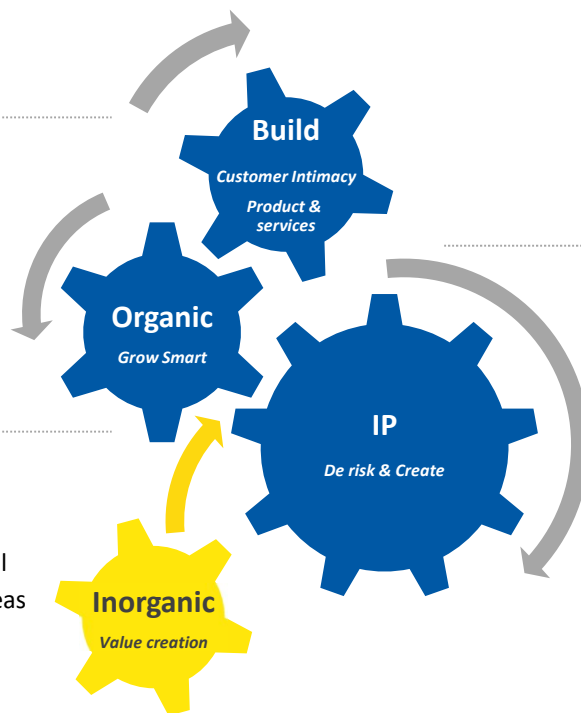


Market

- 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 Material Issues

Key Highlights from FY23



Social and Governance

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

- **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

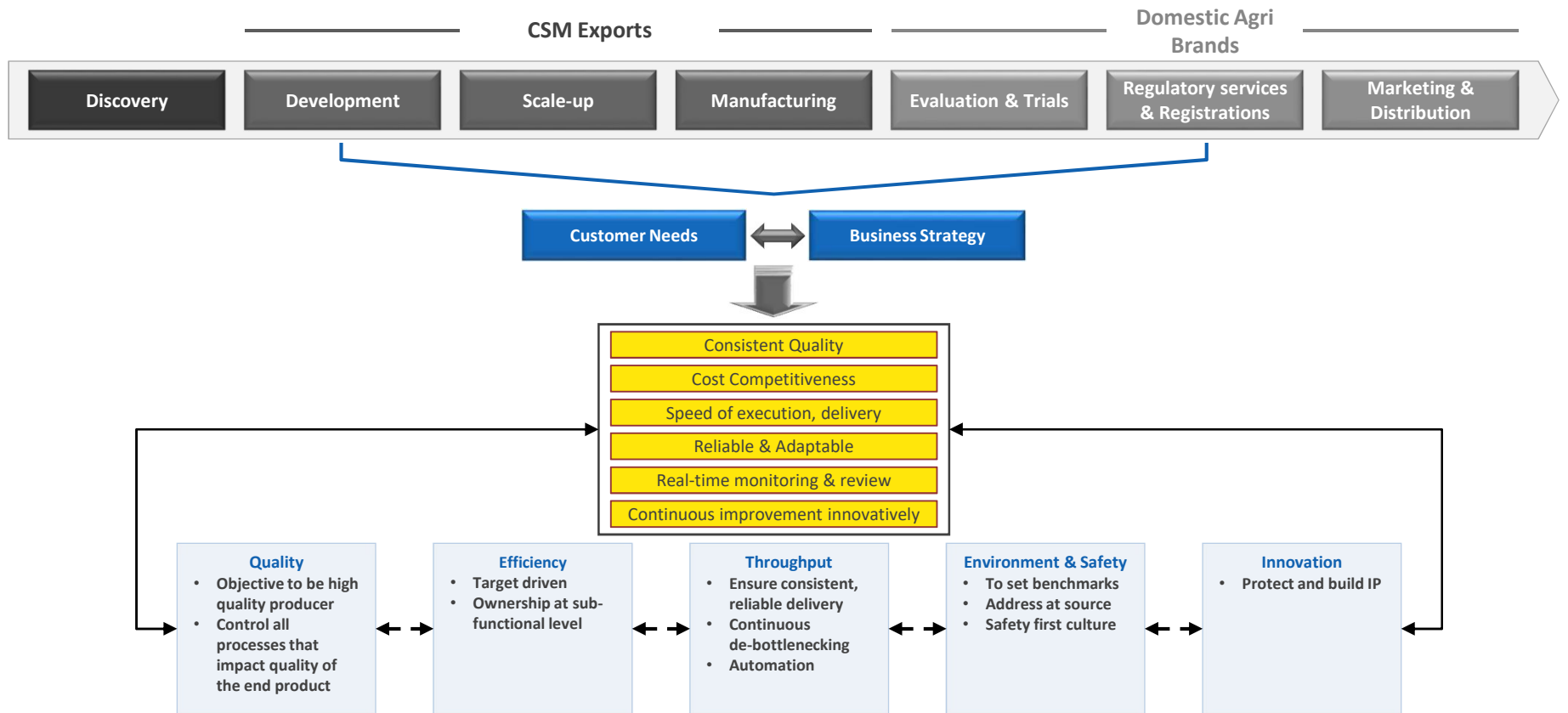
Performance underpinned by PI's Compass



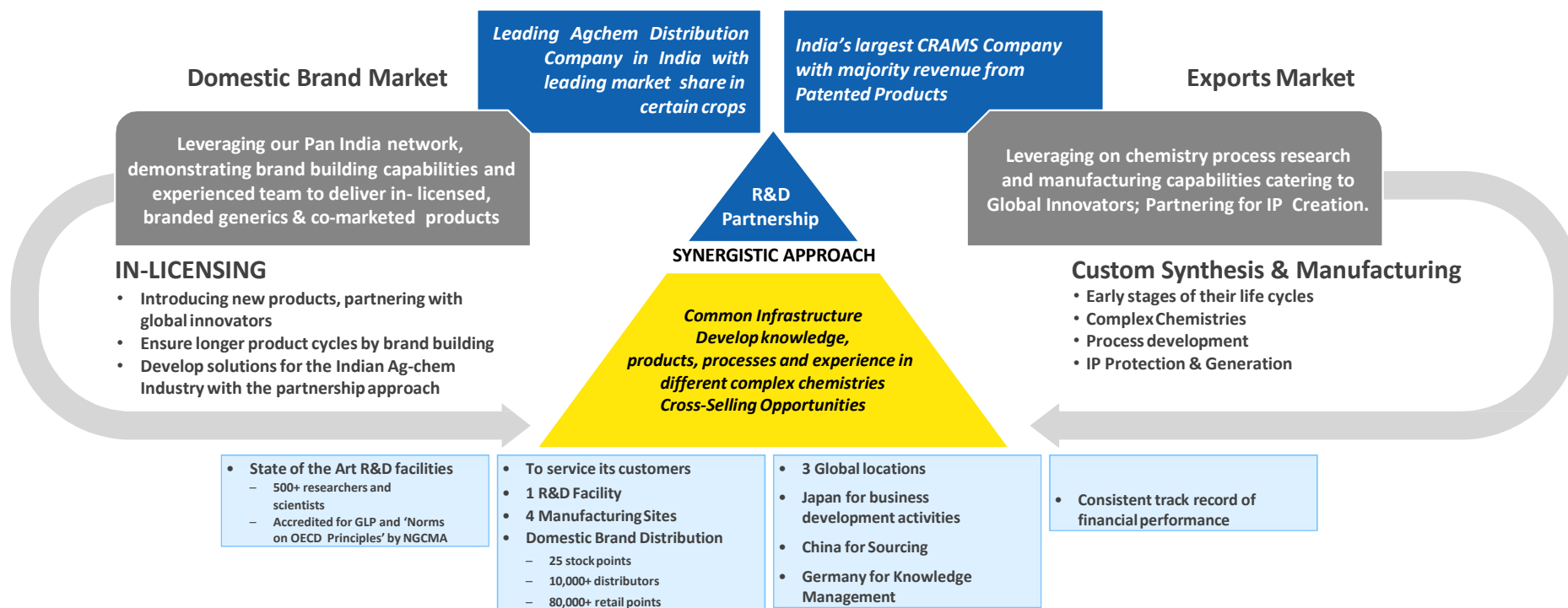
Purpose 	Reimagining a healthier planet			
Vision 	Lead with science, technology and human ingenuity to create transformative solutions in life sciences			
Capabilities 	Partner centric	<i>First to identify and deliver on latent needs of our customers and partners</i>		
	Science & Technology driven	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

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

