



PI Industries

AGRICULTURE INSPIRED
BY SCIENCE





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PI Industries holds a unique position in the Indian agrochemical industry, as reflected in its healthy growth, supporting an ambitious programme of expansion in both the domestic and export markets

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Agriculture
input

With its origins in a vegetable oil production company that started at Udaipur in the western Indian state of Rajasthan in 1947, PI Industries is today ranked amongst the top five Indian agrochemical manufacturers, marketers and exporters and is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). It was also among the first companies to have its R&D facilities recognised by India's Department of Science and Technology, for the development of pesticides and chemicals. PI's strong capabilities in chemistry R&D attracted Sony Corporation of Japan to establish a PI-Sony Research Centre at Udaipur to work in the area of electronic chemicals.

The company operates in two distinct market segments: Domestic Agri Inputs (AI),

to outperform the agrochemical sector and general industry. Strong demand for agrochemicals in India, supported by a good monsoon and a two-fold increase in exports led to sharp gross and net margin expansion for the company. "Our business strategy, built around having a strong customer focus, helped us achieve remarkable growth, even in turbulent times," says Sarna. "The CSM exports segment has done exceedingly well, posting over 83 percent growth during the first nine months in the current fiscal year. During the same period, the domestic segment, despite multiple challenges has achieved over 22 percent growth, outperforming the sector's growth statistic in this period."

A number of factors contributed to the sectoral outperformance of the domestic

"Our business strategy, built around having a strong customer focus, helped us achieve remarkable growth"

which distributes crop protection chemicals and plant nutrients in the domestic market, and Custom Synthesis & Manufacturing (CSM), which carries out process research and manufacturing of chemical products for global agchem innovator companies. However, PI operates an integrated rather than a 'twin towers' company model, insists Executive Director Rajnish Sarna: "Ours is a unique business model, with two sides to it, domestic on one hand and CSM exports on the other." They are different facets of a single business, focused on ultimately serving the agriculture sector in India and across the globe.

Two years ago, when we last reported on PI, the business was doing really well, returning 30 percent year on year growth at the height of global recession. This level of performance has been maintained, and PI has continued

business. It should be remembered that despite increasing urbanisation and the growth of its manufacturing and high tech industries, India is still the second largest economy in the world in terms of farm output, with over 50 percent of its total workforce employed in agriculture directly and indirectly. In addition, Indian farmers are protected by minimum support prices (MSP), guaranteed by the government, on 25 staple crops. If there is a fall in price after a bumper harvest, the government purchases at the MSP. "The agriculture sector presents enormous potential for adoption of technological & chemical innovations" Sarna affirms, pointing out that it is a country that has well-adopted the introduction of biotechnology in Agriculture sector. To take its cotton crop alone, India is the world's third largest cotton producer, and of that production, 90 percent is 'Bt' cotton.

PI is targeting 40 percent revenue growth in the financial year ending March 2014. This is driven by rapid growth in CSM exports and a relatively good domestic crop season. On the CSM exports side of the business, says Sarna, the key drivers are commercialization of new molecules and market growth of commercialized products on a global scale.

PI has an integrated business model built around the principle of trust and this is what unites the two sides of the business, he

explains. On the AI side, it partners with large multi-national companies looking for access to the Indian market wherein PI in-licenses and registers these products and market them under its own brand. On the CSM side, it partners with innovator companies looking to outsource process research and manufacturing of their newly discovered molecules. It is process research rather than product innovation that occupies the 150 people working in PI's R&D laboratory.

“In the coming financial year we expect to launch several new products in the Indian market which will drive growth for our domestic business”



Research and development laboratory at Udaipur



Manufacturing facility at Panoli

In line with its growth plan, PI is making strategic investments to enhance its manufacturing capacity. Its Greenfield manufacturing site in a Special Economic Zone at Jambusar in Gujarat was commissioned in January 2013, to augment its existing manufacturing capacity at Panoli, Gujarat. “The Jambusar plant currently occupied by a single product line is delivering full capacity. Although, the plant is designed to produce multiple products, the current loading is aligned to customer requirements. Also, in line with our long-term growth ambition, we have ensured that the site has adequate space and resources to install five to six additional production

Did you know?

40%
Revenue growth target for 2014

300
People employed at Jambusar site

lines”, says Sarna. The next phase will see the construction of two new facilities by the end of 2015, he explains, to keep pace with the expected organic growth of the company. The company’s operations also contribute to sustainable development of the community. For instance, the Jambusar unit already employs around 300 people at various levels.

PI Industries is expanding on all fronts. “In the coming financial year we expect to launch several new products in the Indian market which will drive growth for our domestic business. On the CSM side, we are expecting to commercialise a number of new products which are currently in the R&D



Rajnish Sarna
Executive Director

Rajnish Sarna, a Board Member, has been associated with the company for the last ~20 years managing different portfolios. He has been a key member of the management team, instrumental in the overall transformation of Company over last few years.

Rajnish brings to the table his diverse experience of over two decades in the areas of Business Development & Strategy, Customer Relationship Management, Operations, Finance & Risk Management, Legal Contracting & Compliances, Investor relations, Corporate Planning, Information Technology & Process Re-engineering.

Rajnish in his current role is managing company's growth strategy, custom synthesis exports and operations, evolving new business / partnership models, and overseeing Corporate Planning, Finance, Information Technology and Investor Relations processes at PI.



Manufacturing facility
at Jambusar

“To de-risk growth from region-specific challenges in this business, you have to operate on a pan-India basis”

pipeline. We are also in an expansion mode at Jambusar, and are focusing on building new capacities and new infrastructure that will support the kind of growth we are forecasting in the CSM exports,” says Sarna.

The CSM segment is comparatively new, having only been established in the

mid-1990s, however the company will never lose sight of its domestic business, which has been nurtured for over 60 years now. PI brands such as Nominee Gold herbicide, Osheen, Rokat, Foratox, Carina and Fosmite insecticides and Kitazin fungicide are well established in this market, and distributed through a network of dealers and distributors who cover most of the Indian states. “To de-risk growth from region-specific challenges in this business, you have to operate on a pan-India basis,” Rajnish Sarna explains. “And you also have to address a variety of crops, because if you limit yourself to a particular set of crops or geographic regions, then you are at a higher risk of being impacted by the vagaries of monsoon, food prices, and other factors. In one year cotton may do well: that will encourage farmers to plant it again the

following year. Production will rise, prices will fall, so they may then migrate to other crops like pulses or vegetable.” Forecasting is not easy, so it makes sense to reduce your risk vulnerability in this way, and psychology plays its part, he concludes. By covering all the bases with its portfolio of more than 30 branded products, PI Industries is ready to support farmers in sustaining the vital business of agriculture. **BE**

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