

# PI INDUSTRIES

THE RIGHT CHEMISTRY



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*Chemical solutions company PI Industries has an outstanding reputation, both as a supplier of agrichemicals and a researcher of fine chemicals, that it has built up over the past half century, as Jane McCallion finds out*





Talking to a farmer

**A**gricultural chemicals company PI Industries, which originated in Udaipur, is a leading provider of synthetic crop protection and bespoke fine chemical services. The company is listed on the Mumbai stock exchange, though the family that founded it still has a majority shareholding of 64 per cent. Other investors include such major names as HSBC, Sequoia Capital, Zesiger, Standard Chartered Bank, Axis Mutual and HDFC.

PI Industries began life as an edible oils and seed crushing company in 1947; however, in the early 1960s it changed direction and moved into pesticide formulations and agrochemicals. It now has two distinct areas of business: Agri Inputs, which offers crop protection chemicals and plant nutrients to improve crops, and Custom Synthesis & Manufacturing, which carries out process research and production of chemical products for other companies.

Both aspects of PI Industries' business are equally important yet cater to completely diverse markets. Agri Inputs, which accounts for 60 per cent of the company's revenue, is targeted squarely towards the domestic farming market. "Our agrochemical marketing business is a retail business, where we make finished product and sell it to the farmers," explains Salil Singhal, who has been chairman and managing director since 1979. "This is essentially focused on farmers within India; we do some of this as export, but not very much. So predominantly our focus is Indian farmers and the Indian market."



PI's Agri Inputs business focuses on Indian farmers

PI Industries' Agri Inputs products are sold at 35,000 retail points throughout the country. Additionally, the company has 30 offices located across India, through which it manages the logistical task of getting the product to the customer. It also has a field force of over 250 people who liaise with both farmers and retailers to ensure continuity of supply and product availability.

Custom Synthesis is almost the polar

opposite of Agri Inputs. Generating 40 per cent of PI Industries' revenue, it operates exclusively on an export basis. "These products—agrochemicals, intermediates and other niche fine chemicals—are all exported to large MNCs," says Singhal. "Our primary market is Europe, followed by Japan. We also export some of these products to the US."

This side of the business was developed

**“OUR AGROCHEMICAL MARKETING BUSINESS IS A RETAIL BUSINESS, WHERE WE MAKE FINISHED PRODUCT AND SELL IT TO THE FARMERS”**

as part of a strategic decision to take up outsourced work on the part of what Singhal calls “molecule inventors”—i.e. companies that come up with ideas and product discoveries, but require companies such as PI Industries to carry out the process research, development and eventual production to commercialise their discoveries. “The decision was taken in the mid-90s to branch out into this area based on the fact that we have the necessary technological abilities to do it on the one side, and an integrity in the business with a good name and reputation on the other,” says Singhal.

PI also has strong capabilities in chemistry R&D. This attracted Sony Corporation of Japan to establish a PI-Sony Research Centre in Udaipur to

research electronic chemicals.

The company is currently investing over £20 million in the construction of a new factory in Jambusar. The facility will bring the total number of manufacturing locations owned and run by PI Industries up to three, and is due to be commissioned in July or August this year.

“The additional facility is required to accommodate the higher quantity of custom synthesis products for which we have signed new contracts,” explains Singhal. “These are a variety of new products, which now need additional capacity, and some of the businesses are of a size where a specific part of the plant is dedicated to them for months if not years to make the same product for one customer: hence this expansion.”

The organisation chose to locate its new factory in Jambusar as it is a special economic zone in which the government has permitted businesses that are solely dedicated to export to trade under more favourable conditions. “It’s an ideal location, because of the proximity to seaport and various raw material suppliers and there are also tax benefits available to us,” says Singhal.

Last year saw PI Industries’ profits increase by more than 60 per cent, thanks to growth both in its domestic and export businesses. “Our domestic business grew by more than 30 per cent last year, with profit margins also growing,” says Singhal. “We launched some new products and we got a lot of good growth from them. On the export side of things, we saw a significant growth in volumes, which in turn increased

“OUR CONTINUOUS PROCESS RESEARCH WORK IS FOCUSED ON SUBSTANTIALLY REDUCING THE GENERATION OF WASTE WATER AND ENERGY CONSUMPTION”



PI Sony inauguration ceremony



Winning the Green Chemistry Award

our revenue. So it was a combination of both revenue growth and increased margins.”

As a chemical company, acting in an environmentally responsible way is extremely important to PI Industries. “We have done several things to reduce our environmental and energy impact in particular,” says Singhal. “Our continuous process research work is focused on substantially reducing the generation of waste water and energy consumption. We have substituted fuel oil with natural gas to reduce both the fuel and pollution. We received the National Award for Energy Conservation from the government of India in 2006; and in 2009 the Industrial Green Chemistry Workshop [IGCW] gave us the Green Chemistry Award, where

we were in competition with some large chemical companies.”

In the coming years, Singhal sees the company building on its past successes. “We see PI as a very significant industry player with an outstanding reputation that we have built over the past 50 years,” he says. “We will continue to grow through our links with our customers and suppliers. We have new products in the pipeline in both our business areas and we will keep introducing these, along with new and better solutions, in order to continue growing.” **BE**

For more information about PI Industries visit: [www.piindustries.com](http://www.piindustries.com)



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