

PI INDUSTRIES LIMITED

Draft Chairman speech for the 73rd Annual General

Meeting of PI Industries Limited to be held on September 25, 2020.

Ladies and Gentlemen,

Good morning.

On behalf of the Board of Directors of PI Industries Limited, I have immense pleasure in welcoming you all to the 73rd Annual General meeting of your Company.

I want to thank each and every one of you for taking out time to join us today. Your presence inspires us to work harder to make your Company even better and more valued.

Today, we meet virtually due to the current circumstances. The spread of the COVID-19 virus, over the past months has forced us all to adopt many new measures to continue working in safe and secure conditions and the virtual AGM is the new reality. Almost every community across the world has had to face severe hardships due to restrictions and lockdowns imposed to contain the spread of the virus. We too have our share of such issues but with some innovations and considerable effort, I believe, we are overcoming many of these problems.

Your Company

The Directors' Report and the Audited Financial Statements for the financial year ended March 31, 2020 which have been with you for some time now. I will, with your kind permission, take them as read.

Over the next few minutes I will share with you my perspectives on the Indian economy, the agriculture sector, your Company's performance and its outlook.

Economy

Growth of the Indian economy came down to 4.2% in fiscal 2020 compared to 6.1% in fiscal 2019. Wage stagnation, job losses, rising rural unemployment rates, large NBFC failures, decline in credit growth and consequent drop in domestic demand was already causing considerable stress. On the supply side, excess idle production capacity and lower private investments further dragged down economic activity. The Government of India undertook initiatives such as liberalising investments in several sectors to attract foreign direct investments, improve ease of doing business, special incentives to attract global companies for large scale manufacturing in India, infusion of fresh capital into many public sector banks and reduced corporate tax rates, to boost growth of the Indian economy. However, as we all know, in March 2020, Covid-19 struck negating all the positives!

I strongly believe that adversity throws up new opportunities. I see all round innovation to restore economic activity and return to some semblance of normalcy. Governments have opened up their purse strings to support individuals, communities, small and large businesses who are in acute need of assistance. Over and above providing monetary support Governments are implementing various measures to reduce the adverse impact of Covid-19. A great deal of compassion and empathy will be required to get everyone back on their feet and help rebuild the future.

With economic activity at a standstill, tax collections dramatically dropped worsening India's fiscal situation but the Indian Government has stepped out to implement relief measures including direct cash transfer benefits to more than 8.7 crore Indian farmer families, distribution of free food and cooking gas, easing access to funds from PF, and medical insurance for health workers and many more.

Your Company, which plays a key role in agriculture, is working hard to accelerate the revival, especially in India where 64% of the population is in rural areas.

Company performance

Fortunately, your Company was marginally affected. Revenue from operations for fiscal 2020 grew to Rs.33,068 Mn from Rs. 28,409 Mn (net of excise) in fiscal 2019, registering a growth of 16.4 %. Operating profit for fiscal 2020 was Rs. 6,977 Mn, compared to Rs. 5,731 Mn in fiscal 2019. i.e. an increase of 21.7 %. Profit after Tax, for fiscal 2020 (stand-alone) was Rs. 4,423 Mn, compared to Rs. 4,077 Mn in fiscal 2019 registering a growth of 8.4 %.

Earnings Per Share (EPS) for fiscal 2020 was Rs. 32.04 compared to Rs. 29.56 in the previous year. Your Company's debt was low with debt equity at 0.20 in fiscal 2020, compared to 0.02 in 2019.

Other key highlights of the fiscal 2020 included the acquisition of Isagro (Asia) Agrochemicals Pvt. Ltd. The process of amalgamating it with your Company is underway and is expected to be completed once regular work is resumed by the NCLT. However, the operational integration has largely been completed, to gain on manufacturing synergies and also to focus

on the rapidly growth segment of fruits, vegetables and plantations in the domestic market.

Your Company has made a small, initial and successful foray into pharma leveraging it's internal capabilities. Our aim is to build on it through both organic and inorganic initiatives. As you are aware that your Company in July 2020, raised INR 20 Bn (INR 2000 crores). We were overwhelmed by investor's interest in your Company and we now have the task of wisely investing such funds.

Your Company's exports grew approximately by 33% in fiscal 2020, against the previous fiscal. This was primarily due to increase in volume growth of existing products, addition of new products and improved plant operating efficiencies.

Your Company continues to work with global innovator partners for introduction of novel molecules and we commercialised 5 new molecules during the year. In addition, improving process efficiencies, new technology absorption and various other measures continue to be pursued to bring about better outcomes. Over the last several years we have been working to reduce single source dependencies by building a robust base of vendors for many of our raw material and this has helped in considerably reducing our China dependency.

With new assets coming on stream in Jambusar SEZ and improved utilization of our Multi-Purpose Plants, we continue to be in a position to grow and we are doing so, our export business.

On the domestic front, your Company launched two new products namely AWKIRA & COSKO SC. Following intense marketing efforts, these products have begun making significant inroads, with positive feedback from farmers. We continue to work on our portfolio by adding new products, label expansions and also discontinuing those which no longer meet internal thresholds of growth, size and margins.

Further, our digital outreach initiatives have brought not only our channel partners but also our end customers, the farmers, closer and created a high level of connect with them. Our Farm Application Services, in which we deploy 150+ Agricultural Sprayers for safe and highly effective application of products has had significant positive impact on farmers faced with labour shortages, cost of spraying and efficient coverage. This initiative I believe will lead to greater penetration and more sales.

Our research and development activity continue to support both the export and domestic businesses.

Indian Agriculture

With the intent of improving farmers' livelihood and increasing their income manifold, the Government of India has embarked on a slew of reforms in the agriculture sector. These include removing agricultural commodities from the Essential Commodities Act, stocking limits only to address emergencies, expanding choice of selling produce, allowing private sector participation in agriculture, and substantial fund allocation for Agricultural Development and Food Processing infrastructure. These measures, when implemented are expected to make Indian agriculture more competitive but it may be a few years for the benefits to be realised.

Indian Crop Protection Industry

The Indian CPC industry was estimated to be at \$4.2 billion in 2019, equally split between domestic and exports and estimated to grow to \$5.7 billion by 2024, with exports' contribution increasing to 55% reaching \$3.1 billion. At 0.6 kg/hectare, India has one of the lowest per capita CPC consumption, compared to countries such as Japan, US, Brazil and France. Average consumption is estimated to steadily increase over a period of time as reform measures set in.

Dividend

For the fiscal year 2019-20, the Board of Directors of the Company had declared an interim dividend of 300%. In addition, it has recommended a final dividend of 100% for approval by shareholders at this AGM. This would take the total dividend to 400% or Rs.4 per share.

Outlook

Despite economic and operational uncertainties, your Company continues to pursue growth. In the domestic market 2 to 3 new products are to be introduced in this fiscal 2021, expanding the Company's presence in new crop segments. We see significant growth in our exports as a result of new molecules reaching commercialisation stage, leveraging capacity already created and with the integration of the plants acquired from Isagro.

We are actively working to implement our inorganic growth strategy and deploy the funds garnered from the QIP process. As these initiatives crystalise I expect, not only growth, but

significant addition to our technologies, new adjacent business lines, pipeline expansion, and getting closer to customers' while reducing geographical concentration of our operations. Your Company's primary objective is to build intrinsic value to differentiate itself for continued rapid growth in the longer term, without diluting earnings and to enhance total shareholder returns.

ESG

Environmental, Social and Governance are factors which are increasingly gaining importance and rightly so. Climate change directly impacts your Company's business and unless we address our environment with due care we are bound to see increasing outcome variability than ever before. Beyond the business interests, we care for the environment and want to play our role in improving it. Energy conservation, effluent and waste reduction, water conservation, recycling and many other measures are followed to minimise and eliminate adverse impact on our environment.

We pay particular attention to health and safety. We have added additional expertise in this area to progressively increase our health and safety standards to next global best levels. This has become more important as we deal with Covid-19. Frequent and regular health check-ups, appropriate protocols for maintaining high levels of hygiene, safety training and other measures are integral part of your Company's operations.

On the governance front we are broad basing our board composition, increasing board accountability and enhancing audit committee functioning. We have established robust policies and procedures for Whistle blower, POSH, Executive Performance Measurement and

Compensation, Stakeholder Relationship & Management and Risk Management policies.

Corporate Social Responsibility

As a business enterprise that has steadily evolved over the last seven decades, your Company remains committed to pursue its business in a sustainable manner. While pursuing value creation, your Company balances its business interest with the well-being of society.

In line with the Company's CSR philosophy, PI Foundation undertook several community development initiatives during last year in the areas of sustainable agricultural practices, healthcare, sanitation & hygiene, water preservation through the promotion of direct seeding of rice, women empowerment, quality education, skill training of underprivileged youth, promotion of rural sports, rural development etc.

During Covid-19 crisis, your Company has undertaken numerous community initiatives. Reacting quickly to the contingency, PI teams mobilised great support to deal with the outbreak and volunteered at local level, by undertaking sanitisation drives with help of high-tech spray machines, distributing sanitisers, dry ration kits, mask (made by women in rural areas) and conducting webinars for farmers.

Over 7.3 lakh farmers benefited through leading agronomic practices thus saving over 1.6 trillion litres of water through the adoption of Direct Seeding of Rice (DSR) technique in FY 20. Over 1,08,642 villagers were treated through your Company's 'SWASTHYA SEWA' initiative. Over 18,000 Govt. School Children benefited from our Learning Enhancement program and 478 youth gained employment through Skill Development Programs. Over 10,000 women

members & their families benefitted through Entrepreneurship and skills enhancement. Rural infrastructure was strengthened by initiating drainage and sewage treatment in rural villages.

Your Company's CSR efforts received several appreciations and recognitions during the fiscal 2020, the foremost being the coveted Golden Peacock award in the CSR category. The award is in recognition of the significant impact of the CSR initiatives undertaken by PI.

Acknowledgement

I take this opportunity to express my sincere appreciation for the support of all our stakeholders including shareholders, employees, business associates, bankers, Government departments, State Governments of Rajasthan & Gujarat, farmers and our global customers including joint-venture partners for their confidence reposed in PI. I would also like to thank all my fellow board members for their valued guidance and contributions to the Company's management. Finally, I thank the management team for their unstinted efforts in building your Company's future.

We are resolute in our aim to transform PI from being a good and highly successful Company to a great one, as envisioned by our founder Shri P. P. Singhal, whose centenary year we celebrate in 2020.

With warm regards,

Narayan K. Seshadri

(This does not purport to be a report on the proceedings of the annual general meeting of the Company.)