Independent Auditor's Report

To the **Members of PI Industries Limited**

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of PI Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to note 42 of the standalone financial statements, which describes the management's assessment of the financial impact of the events arising out of Coronavirus (Covid-19) virus pandemic, for which a definitive assessment of the impact in the subsequent period is dependent upon the circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Investment made in Isagro (Asia) Agrochemicals Private Limited - assessment of carrying value in the standalone financial statements. (Refer to note 7(a) in the standalone financial statements) The Company acquired 100% of the equity shares of Isagro (Asia) Agrochemicals Private Limited from Isagro S.p.a., Italy on December 27, 2019. The purchase consideration of INR 4432 MN was arrived at based on an independent valuation and subsequent negotiations / agreement thereon and is shown as Investments in the standalone financial statements. In the consolidated financial statements, the company obtained independent valuation to arrive at the fair value of the net assets acquired / identified and recognised goodwill for the excess of the aforesaid purchase consideration over the identified net assets. The Company has reviewed the carrying values of the above investment on the balance sheet date and concluded on their appropriateness. We have considered this to be a key audit matter as the investments are material and the valuation based on which their carrying amounts were concluded as appropriate required significant management judgement, inputs, assumptions and estimates.	Our audit procedures included the following: • Understanding the design and testing the operating effectiveness of management controls around acquiring the aforesaid investment and assessment of carrying values of the said investments in the standalone financial statements. • Reviewing minutes of the meeting of the board of directors / audit committee, share purchase agreement, testing payments made and ensuring compliances with the relevant provision of the Companies Act 2013. • Reading the independent valuation report and understanding and evaluating, the projections thereon and the fair valuation of net assets acquired thereon by testing key inputs and assumptions made in the valuations, projections and performing sensitivity analysis. • Involving auditor's expert to review the key assumptions in the valuation, the basis of purchase price allocation, the fair valuation of the net assets acquired / identified, carrying value of investment. • Checking the adequacy and appropriateness of the disclosures made in the financial statements. Based on our procedures performed above, the management's assessment of carrying value of the investment and goodwill was appropriate.

Key audit matter	How our audit addressed the key audit matter
Estimation of provision for sales returns and discounts and volume rebates on sales impacting revenue on sale of products	
(Refer note 19 to the standalone financial statements) Revenue from sale of products is presented net of returns, discounts and volume rebates in the financial statements. The management determines provision for sales returns, discounts and rebates on the basis of various factors such as the current and expected business environment, sales returns variability and expected achievement of targets against various ongoing schemes floated. We have considered this to be a key audit matter in view of it having significant impact on the recognised revenue and the involvement of management judgment in estimating the amounts at which these are expected to be settled.	Our audit procedures included: Understanding the policies and procedures related to sales returns, discounts and volume rebates and evaluating the design and testing the operating effectiveness of related controls related to these estimates. Checking management's calculations for the estimates and assessing the reasonableness of assumptions used by the management in arriving at the amount of provisions. Assessing the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, performing ratio analysis of discounts, volume rebates and sales returns as a percentage of sale of the current year and comparing the same with those in prior years. Testing on a sample basis, credit notes issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts. Based on the above procedures performed, the estimates made by the management in respect of provision for sales returns and discounts and rebates on sales were considered to be reasonable

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 15 and 33 to the financial statements;

        ii. The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Reg. No. 012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084
UDIN:20057084AAAABR8894

Place: Gurugram
Date: June 4, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of PI Industries Limited on the standalone financial statements for the year ended March 31, 2020.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of PI Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls with reference to financial statements

2. The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (Refer paragraph 4 on emphasis of matter of main audit report)

For **Price Waterhouse Chartered Accountants LLP**
Firm Reg. No. 012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084

Place: Gurugram
Date: June 4, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of PI Industries Limited on the standalone financial statements as of and for the year ended March 31, 2020

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 4 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. Further, in our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the investments made by it and the Company has not provided any loans, guarantees or security to the parties covered under Section 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of goods and service tax, though there has been slight delay in few cases and is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, for the month of March 2020, the company has paid Goods and Service Tax and filed GSTR 3B (after the due date but) within the timelines allowed by Central Board of Indirect Taxes and Customs under the Circular no: 136/06/2020-GST dated April 3, 2020 on fulfilment of conditions specified therein. Also refer note 33 to the financial statements regarding management's assessment on certain matters relating to provident fund.

Name of the statute	Nature of dues	Amount Demanded (₹ In Million)	Amount Paid under Protest (₹ In Million)	Period to which the amount relates	Forum where the dispute is pending
Assam Value Added Tax Act	Value Added Tax (excluding interest and penalty)	0.15	0.04	2007-08	Joint Commissioner Guwahati
Kerala Value Added Tax Act		0.34	0.34	2008-09	Deputy Commissioner (Appeals) Earnakulam
Kerala Value Added Tax Act		0.18	0.18	2009-10	Deputy Commissioner (Appeals) Earnakulam
Gujarat Value Added Tax Act		1.30	-	2009-10	Joint Commissioner, Baroda
Madhya Pradesh Value Added Tax Act		0.40	0.40	2011-12	Deputy Commissioner (Appeals), Indore
Gujarat Value Added Tax Act		15.68	15.68	2011-12	Joint Commissioner, Baroda
Gujarat Value Added Tax Act		18.59	18.59	2012-13	Joint Commissioner, Baroda
Gujarat Value Added Tax Act		11.69	11.69	2013-14	Joint Commissioner, Baroda
West Bengal Value Added Tax Act		0.25	0.25	2013-14	Taxation Tribunal, Kolkata
Gujarat Value Added Tax Act		13.26	-	2014-15	Joint Commissioner, Baroda
Income Tax Act	Income Tax (Excluding interest and penalty)	24.61	-	2011-12	Rajasthan High Court
Income Tax Act		20.42	-	2012-13	Commissioner of Income Tax (Appeal)
Income Tax Act		32.99	-	2013-14	Commissioner of Income Tax (Appeal)

Name of the statute	Nature of dues	Amount Demanded (₹ In Million)	Amount Paid under Protest (₹ In Million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty (Excluding interest and penalty)	4.49	4.49	1987-88	Rajasthan High Court
Central Excise Act	Cenvat Credit (Excluding interest and penalty)	15.92	-	March 2011 to June 2013	CESTAT
Custom Act	Custom Duty (Excluding interest and penalty)	127.48	-*	2008	Assistant Commissioner of Customs, Mumbai

*Company has issued Bank Guarantee amounting to INR 127.48 Million towards custom duty demand.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at the balance sheet date. The Company does not have any loan or borrowings from Government, nor has it issued any debentures as at balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also, refer to paragraph 16 of main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Reg. No. 012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084

Place: Gurugram
Date: June 4, 2020

Balance Sheet

as at March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	16,579	11,773
Capital work-in-progress		2,359	1,544
Other intangible assets	5	99	66
Intangible asset under development	6	336	284
Financial assets			
(i) Investments	7(a)	4,544	110
(ii) Loans	7(c)	56	97
(iii) Other financial assets	7(g)	30	118
Deferred tax assets	16	-	127
Other non-current assets	9	357	454
Total non-current assets		**24,360**	**14,573**
Current assets			
Inventories	8	7,199	5,357
Financial assets			
(i) Investments	7(b)	-	1,119
(ii) Trade receivables	7(d)	5,483	6,618
(iii) Cash and cash equivalents	7(e)	1,077	587
(iv) Bank balances other than (iii) above	7(f)	25	244
(v) Loans	7(c)	157	109
(vi) Other financial assets	7(g)	306	219
Contracts assets	7(h)	1,022	520
Current tax assets	10	85	-
Other current assets	9	1,350	2,101
Total current assets		**16,704**	**16,874**
Total assets		**41,064**	**31,447**
EQUITY & LIABILITIES			
Equity			
Equity share capital	11	138	138
Other equity	12	25,773	22,609
Total equity		**25,911**	**22,747**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	14(a)	3,994	99
(ii) Other financial liabilities	14(d)	748	190
Provisions	15	107	289
Deferred tax liabilities (Net)	16	113	-
Total non current liabilities		**4,962**	**578**
Current Liabilities			
Financial liabilities			
(i) Borrowings	14(b)	1,083	-
(ii) Trade payables	14(c)		
a) total outstanding dues of micro enterprises and small enterprises		56	48
b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,482	5,093
(iii) Other financial liabilities	14(d)	2,714	2,414
Provisions	15	284	126
Other current liabilities	17	528	435
Current tax liabilities	18	44	6
Total current liabilities		**10,191**	**8,122**
Total liabilities		**15,153**	**8,700**
Total equity and liabilities		**41,064**	**31,447**
Notes to accounts	1 to 43		

The accompanying notes referred to above formed the integral part of the financial statement

This is the Statement of Balance Sheet referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Profit & Loss

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Revenue from operations	19	33,068	28,409
Other income	20	479	600
Total income		**33,547**	**29,009**
Expenses:			
Cost of materials consumed		16,551	13,728
Purchase of stock in trade		1,600	1,274
Changes in inventories of finished goods, work in progress and stock in trade	21	(23)	500
Employee benefit expense	22	3,113	2,625
Finance cost	26	180	59
Depreciation and amortisation expense	25	1,332	926
Other expense	23	4,850	4,551
Total expenses		**27,603**	**23,663**
Profit before tax		**5,944**	**5,346**
Income tax expense	27		
Current tax		(1,249)	(1,169)
Deferred tax		(272)	(100)
Total tax expense		**(1,521)**	**(1,269)**
Profit for the year		**4,423**	**4,077**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		(22)	(2)
Income tax relating to the above item		8	1
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		(840)	120
Income tax relating to the above item		294	(42)
Total comprehensive income for the year		**3,863**	**4,154**
Earnings per equity share	29		
1) Basic (in ₹)		32.04	29.56
2) Diluted (in ₹)		32.02	29.54
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 43		

The accompanying notes referred to above formed the integral part of the financial statement

This is the Statement of Profit & Loss referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Cash Flows

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Year ended March 31,2020	Year ended March 31,2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Income Tax	**5,944**	**5,346**
Adjustments for :-		
Depreciation and amortisation expense	1,332	926
Finance costs	180	59
Provision for Bad and Doubtful debts & Advances	122	179
Interest Income on Financial Assets at amortised cost	(163)	(193)
Unwinding of discount on Security Deposits	(15)	(10)
Expense/(Reversal) on Employee Stock Option Scheme	(4)	13
(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	13	13
(Gain)/Loss on sale of Investments (Net)	(19)	(198)
(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	6	89
Impact of Ind AS 115 adjustment taken to retained earnings	-	216
Unrealised (Gain)/Loss on foreign currency transactions (Net)	194	127
Operating Profit before Working Capital changes	**7,590**	**6,567**
(Increase) / Decrease in Trade Receivables	1,161	(1,493)
(Increase) / Decrease in Current financial assets - Loans	(33)	(21)
(Increase) / Decrease in Current Contract Assets	(502)	(520)
(Increase) / Decrease in Non-current financial assets - Loans	42	(23)
(Increase) / Decrease in Other current financial assets	(210)	(48)
(Increase) / Decrease in Other non-current financial assets	88	(82)
(Increase) / Decrease in Other current assets	719	(437)
(Increase) / Decrease in Other non-current assets	10	(5)
(Increase) / Decrease in other bank balances	17	16
(Increase)/Decrease in Inventories	(1,842)	(837)
Increase / (Decrease) in Current Provisions and Trade Payables	265	1,490
Increase / (Decrease) in Non-current Provisions	(182)	56
Increase / (Decrease) in Other current financial liabilities	120	119
Increase / (Decrease) in Other non-current financial liabilities	301	7
Increase / (Decrease) in Other current liabilities	92	236
Cash generated from Operations before tax	**7,636**	**5,025**
Income Taxes paid	(1,025)	(1,177)
Net cash inflow (outflow) from Operating Activities	**6,611**	**3,848**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(6,722)	(3,683)
Proceeds from sale of property, plant & equipment	28	8
Purchase of Investment in Subsidiary	(4,434)	(95)
Purchase and Sale of Current Investments (Net)	1,339	379
Interest Received	163	193
Net cash used in Investing Activities	**(9,626)**	**(3,198)**
Net cash inflow (outflow) from Operating and Investing Activities	**(3,015)**	**650**

Statement of Cash Flows

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Year ended March 31,2020	Year ended March 31,2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	0	0
Premium on issue of equity shares under ESOP scheme	53	75
Short Term Borrowings (Net)	1,083	-
Borrowings -Term Loan- Repayments	(407)	-
Borrowings - Term Loan- Taken	3,886	(399)
Principal elements of Deferred lease payments	(175)	-
Interest paid (Net)	(188)	(59)
Dividends paid (including Tax)	(747)	(832)
Net Cash inflow (outflow) from Financing Activities	**3,505**	**(1,215)**
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	490	(565)
Net increase (decrease) in Cash & Cash equivalents	490	(565)
Opening balance of Cash & Cash equivalents	587	1,152
Closing balance of Cash & Cash equivalents	1,077	587
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 7(e)):-		
i) **Cash on Hand**	0	1
ii) **Balance with Banks :**		
- In Current Accounts	477	125
- In Fixed Deposits	600	461
Total	**1,077**	**587**

The above Cash Flow Statement has been prepared under the Indirect method as set out in IND AS - 7.

Figures in brackets indicate cash outflows.

This is the Statement of Cash Flow referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

a. Equity share capital

Particulars	Note	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	11	138,030,651	138	137,907,318	138
Changes in equity share capital during the period		77,342	0	123,333	0
Balance at the end of the reporting period		**138,107,993**	**138**	**138,030,651**	**138**

Amount "0" is below rounding off norms

b. Other equity

Particulars	Notes	Reserves & Surplus					Other Reserves	Total other equity
		Capital reserve	Securities premium reserve	Share option outstanding account	General reserve	Retained earnings	Effective portion of cash flow hedges	
Balance at April 1, 2018		**15**	**2,053**	**102**	**1,857**	**14,908**	**49**	**18,984**
Profit for the year		-	-	-	-	4,077	-	4,077
Adjustment of Ind AS 115	12 e.	-	-	-	-	216	-	216
Other comprehensive income	12 e, f	-	-	-	-	(1)	78	77
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**4,292**	**78**	**4,370**
Transactions with owners in their capacity as owners:								
Premium on issue of equity shares through ESOP	12 b.	-	116	-	-	-	-	116
Shares issued under ESOP scheme	12 c.	-	-	(42)	-	-	-	(42)
Expense on Employee Stock Option Scheme	12 c.	-	-	13	-	-	-	13
Dividends paid	13	-	-	-	-	(690)	-	(690)
Dividend Distribution Tax (DDT)	13	-	-	-	-	(142)	-	(142)
Balance at March 31, 2019		**15**	**2,169**	**73**	**1,857**	**18,368**	**127**	**22,609**
Profit for the year		-	-	-	-	4,423	-	4,423
Other comprehensive income	12 e, f	-	-	-	-	(14)	(546)	(560)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**4,409**	**(546)**	**3,863**
Transactions with owners in their capacity as owners:								
Premium on issue of Equity Shares through ESOP	12 b.	-	80	-	-	-	-	80
Shares issued under ESOP scheme	12 c.	-	-	(27)	-	-	-	(27)
Expense on Employee Stock Option Scheme	12 c.	-	-	(4)	-	-	-	(4)
Dividends paid	13	-	-	-	-	(621)	-	(621)
Dividend Distribution Tax (DDT)	13	-	-	-	-	(127)	-	(127)
Balance at March 31, 2020		**15**	**2,249**	**42**	**1,857**	**22,029**	**(419)**	**25,773**

This is the statement of Changes in Equity referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

1. Corporate Information

PI Industries Limited ("PI" or "the Company") is a public limited company domiciled in India and has its registered office at Udaipur. The shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange.

PI is in the field of Agri Sciences having strong presence in both Domestic and Export market. It has three manufacturing facilities in Gujarat and a Research & Development center at Udaipur.

The registered office of the company is situated at Udaisagar Road, Udaipur – 313001, Rajasthan, India and the corporate office is situated at 5th Floor, Vipul Square, B-Block, Sushant Lok, Phase-I, Gurugram – 122009, Haryana, India.

2. Basis of preparation

The Company has consistently applied the following accounting policies to all periods presented in the financial statements unless otherwise stated.

a) Statement of compliance

These financial statements have been prepared in all material aspects, in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act to the extent applicable.

These financial statements were authorised for issue by the Board of Directors on June 04, 2020.

b) Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent considerations are measured at fair value;
- Defined benefit plan assets measured at fair value;
- Share-based payments measured at fair value.

c) New and Amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- IND AS 116, Leases (refer note (p) below)
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes

The Company had to change its accounting policies and make certain adjustments following the adoption of IND AS 116. This is disclosed in note 41. The other amendments did not have any impact on the amount recognized in prior periods and are not expected to significantly affect current or future periods.

d) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Indian National Rupee ('₹'), which is the Company's functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated. The sign '0' in these standalone financial statements indicates that the amounts involved are below ₹ five lacs and the sign '-' indicates that amounts are nil.

e) Current or Non- current classification

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services provided and time between the rendering of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

f) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent liabilities and contingent assets at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Application of accounting policies that require critical accounting estimates and assumption judgements having the most significant effect on the amounts recognized in the financial statements are:

- Measurement of defined benefit obligations;
- Recognition of deferred tax assets & minimum alternative tax credit entitlement;
- Useful life and residual value of Property, plant and equipment and intangible assets;
- Impairment test of financial and non-financial assets including recoverability of expenditure on internally- generated intangible assets;
- Measurement of fair value for share based payments;
- Recognition and measurement of provisions and contingencies.

g) The Company recognises revenue over the period of time for contracts wherein the Company's performance for the products does not create an asset with alternative use to the Company and the Company has an enforceable right to payment for performance completed till date. Management has determined that it is highly

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. Accordingly, revenue is recognised for these contracts based on Input method wherein amount of revenue to be recognised is determined based on the actual cost incurred till date and the estimated margin on the contract.

The Company also recognises provision for discounts and sales returns based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

3. Significant Accounting Policies

a) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs relating to acquisition of qualifying fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing part of an item of property, plant and equipment or major inspections performed, are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of all other repairs and maintenance are recognized in the Statement of Profit & Loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values, and is recognised in the statement of profit and loss. Depreciation on property, plant and equipment is provided on the Straight-Line Method based on the useful life of assets estimated by the Management which coincide with the life specified under Schedule II of the Companies Act, 2013, which are as follows:

- Buildings including factory buildings and Roads	3 - 60 years
- Plant and machinery	15 years
- Electrical installations and equipment	10 years
- Furniture and fixtures	10 years
- Office equipment’s	5 years
- Vehicles	8 - 10 years
- Computer and Data Processing Units	3 - 6 years
- Laboratory equipment	10 years

The Company has estimated the useful lives different from the lives prescribed in schedule II of Companies Act, 2013, in the following cases:

- Plant and machinery (Continuous Process Plant)	15 years
- Special Plant and machinery (used in manufacture of chemicals)	15 years

Leasehold land is being amortised over the lease period and Cost of improvement on leasehold building is being amortised over the lease period or useful life whichever is shorter.

Based on assessment made by technical experts, the Management believes that the useful lives as given above best represent the period over which it expects to use these assets.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively. Depreciation on additions to or on disposal of assets is calculated on pro-rata basis i.e. from (up to) the date on which the property, plant and equipment is available for use (disposed of).

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Intangible assets

i) Recognition and measurement

Intangible assets acquired separately

Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets - Research and development

Research costs are expensed as incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Subsequent to initial recognition, the assets are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

Internally generated Intangible assets which are not yet available for use are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in profit or loss.

An item of intangible asset is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of intangible assets is recognised in profit or loss

ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of such intangible assets.

iii) Amortisation

Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use.

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

The amortization period and the amortization method for intangible assets are reviewed at each reporting date.

c) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash flows are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ('CGUs').

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

d) Financial instruments

i) Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

ii) Subsequent measurement

i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognised or impaired, the gain or loss is recognised in the statement of profit and loss.

ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss and recognised in other income.

Equity instruments are subsequently measured at fair value. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis. Fair value gains and losses recognised in OCI are not reclassified to profit and loss.

iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

v) Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any, in the separate financial statements.

iii) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. Except trade receivables, expected credit losses are measured at an amount equal to the 12-month Expected Credit Loss (ECL), unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

With regard to trade receivable, the Company applies the simplified approach (Refer Note No. 38(I)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

iv) Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

v) Reclassification of Financial Assets and Financial Liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model.

vi) Derivative financial instruments

The Company is exposed to exchange rate risk which arises from its foreign exchange revenues. The Company uses foreign exchange forward contracts (derivative financial instruments), to hedge foreign currency risk associated with highly probable forecasted transactions and classifies them as cash flow hedges.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recorded in the Company's hedging reserve as a

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Company makes an assessment, on an ongoing basis, of whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For cash flow hedges to be “highly effective”, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income/ (loss), remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognized immediately in the statement of profit and loss.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values for measurement and/ or disclosure purposes are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - This includes financial instruments measured using quoted prices.

Level 2- The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

f) Inventories

Inventories (including Stock-in-transit) of Finished Goods, Stock in Trade, work in progress, raw materials, packing materials and Stores & Spares are stated at lower of cost and net realizable value. By-products are measured at estimated realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of Raw Materials, Packing Materials, Stores and Spares, Stock in Trade and other products are determined on weighted average basis and are net of Cenvat / Goods and service tax credit.

Cost of Work in progress and Finished Goods is determined on weighted average basis considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty until June 30, 2017.

Obsolete, slow moving and defective inventories are identified as and when required, and where necessary, the same are written off or provision is made for such inventories.

g) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

increase in the provision due to the passage of time is recognized as a finance cost

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognised but are disclosed in notes to the financial statements.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

h) Revenue Recognition

i) Sale of goods

The Company manufactures and sells a range of products to various customers. Revenue is recognised over the period of time for contracts wherein the Company's performance does not create an asset with alternative use to the Company and the entity has an enforceable right to payment for performance completed till date. For remaining contracts, revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Revenue recognised in relation to these contracts in excess of billing is recognised as a Contract Asset. Accumulated experience is used to estimate and provide for the discounts and returns and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognized for expected returns from the customer. Liability (included in other financial liabilities) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period

Amounts disclosed as revenue are inclusive of excise duty and net of returns, discounts, volume rebates and net of goods and service tax.

ii) Sale of services

Revenue from sale of services is recognised over the period of time as per the terms of the contract with customers based on the stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably.

iii) Export Incentives

Incentives on exports are recognised in books after due consideration of certainty of utilisation/ receipt of such incentives.

iv) Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition. Interest income is included in other income in the statement of profit and loss.

v) Dividends

Dividend income is recognized when the Company’s right to receive dividend is established, and is included in other income in the statement of profit and loss.

i) Employee Benefits

i) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans

Employees benefits in the form of the Company’s contribution to Provident Fund, Pension Scheme, Superannuation Fund and Employees State Insurance are defined contribution schemes. The Company recognizes contribution payable to these schemes as an expense, when an employee renders the related service.

If the contribution payable exceeds contribution already paid, the deficit payable is recognised as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, The Company recognize that excess as an asset (prepayments) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

iii) Defined benefit plans

Retirement benefits in the form of gratuity are considered as defined benefit plans. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The company provides for its gratuity liability based on actuarial valuation of the gratuity liability as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary. The Company contributes to the gratuity fund, which are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet.

When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other

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for the year ended March 31, 2020

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Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv) Other long-term employee benefits

Employee benefits in the form of long-term compensated absences are considered as long-term employee benefits. The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The liability for long term compensated absences are provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary.

j) Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Conversion

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange difference

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

In accordance with Ind-AS 101 'First Time Adoption of Indian Accounting Standards', the Company has continued the policy of capitalisation of exchange differences on foreign currency loans taken before the transition date. Accordingly, exchange differences arising on translation of long-term foreign currency monetary items relating to acquisition of depreciable fixed assets taken before the transition date are capitalized and depreciated over the remaining useful life of the asset.

k) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year after taking credit of the benefits available under the Income Tax Act and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

i) has a legally enforceable right to set off the recognized amounts; and

ii) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

For operations carried out in tax free units, deferred tax assets or liabilities, if any, have been recognised for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset only if:

i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Company will pay normal income tax in future. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

m) Segment Reporting

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Company's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

The Management Advisory Committee of the Company has been identified as the CODM by the Company. Refer Note 34 for Segment disclosure.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o) Cash flow statement

Cash flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Statement of Cash Flows (Ind AS - 7). The cash flows from regular revenue generating, financing and investing activity of the Company are segregated.

p) Lease

The company leases various offices, warehouses, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years but may have extension and termination options.

Until the 2019 financial year, leases of office & warehouses, IT equipment and vehicles leases were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the

Notes to Financial Statements

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(All amount in ₹ million, unless otherwise stated)

individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Till 31 Mar 2019:

At inception of an arrangement, it is determined whether the arrangement is or contains a lease, based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as lessee under finance lease

Assets held under finance lease are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between the finance expenses and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The finance expenses are recognised in the statement of profit and loss.

Company as lessee under operating lease

Payments made under operating leases are generally recognised in profit or loss on a straight- line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as an integral part of the total lease expense over the term of the lease.

As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of this underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard

q) Share-based payment transaction:

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied and is adjusted to reflect the actual number of share options that vest.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions and the impact of any non-vesting conditions and excluding the impact of any service and non-market performance vesting conditions.

r) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted Earnings per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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(All amount in ₹ million, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount								
As at beginning of April 01, 2018	201	6	2,921	8,560	132	97	2	11,919
Additions	152	45	643	1,895	27	21	31	2,814
Disposals	-	-	-	(34)	(0)	-	-	(34)
As at March 31, 2019	**353**	**51**	**3,564**	**10,421**	**159**	**118**	**33**	**14,699**
Lease - Right of Use	-	-	213	-	-	17	190	420
Additions - Right of Use	-	-	84	-	-	6	86	176
Additions	0	-	1,270	3,922	22	33	313	5,560
Disposals	-	-	-	(72)	-	-	(0)	(72)
As at March 31, 2020	**353**	**51**	**5,130**	**14,271**	**181**	**174**	**623**	**20,783**
Acumulated depreciation								
As at beginning of April 01, 2018	6	-	244	1,720	23	39	1	2,033
Depreciation charge during the year	3	-	123	744	15	19	3	906
Disposals	-	-	-	(13)	(0)	(0)	-	(13)
As at March 31, 2019	**9**	**-**	**367**	**2,451**	**37**	**58**	**4**	**2,926**
Depreciation charge during the year	4	-	144	910	18	22	35	1,133
Depreciation on Right of Use	-	-	81	-	-	10	87	178
Disposals	-	-	-	(33)	-	-	(0)	(33)
As at March 31, 2020	**13**	**-**	**592**	**3,328**	**55**	**90**	**126**	**4,204**
Net carrying amount								
As at March 31, 2019	**344**	**51**	**3,197**	**7,970**	**122**	**60**	**29**	**11,773**
As at March 31, 2020	**340**	**51**	**4,538**	**10,943**	**126**	**84**	**497**	**16,579**

a. Depreciation for the year includes depreciation amounting to ₹ 108 (March 31, 2019 ₹ 100) on assets used for Research & Development. During the year, the Company incurred ₹ 229 (March 31, 2019 ₹ 50) towards capital expenditure for Research & Development (Refer Note 28).

b. Refer note 32 (a) for disclosure of contractual comitmments for the acquisition of property, plant and equipment.

c. Refer note 40 for information on property, plant and equipment pledged as security by the Company.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

5. OTHER INTANGIBLE ASSETS

	Computer Software	Product Development	Total
Gross carrying amount			
As at beginning of April 01, 2018	105	10	115
Additions	15	-	15
As at March 31, 2019	**120**	**10**	**130**
Additions	35	19	54
As at March 31, 2020	**155**	**29**	**184**
Acumulated amortisation			
As at beginning of April 01, 2018	**38**	**6**	**44**
Amortisation charge during the year	18	2	20
As at March 31, 2019	**56**	**8**	**64**
Amortisation charge during the year	20	1	21
As at March 31, 2020	**76**	**9**	**85**
Net Carrying Amount			
As at March 31, 2019	**64**	**2**	**66**
As at March 31, 2020	**79**	**20**	**99**

6. INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible Assets under Development
As at beginning of April 01, 2018	208
Additions	76
As at March 31, 2019	**284**
Additions	87
Disposal/Adjustments	(16)
Amount recognised under Intangible assets	(19)
As at March 31, 2020	**336**

The value-in-use of intangible assets under development is higher than the carrying amount.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

7. FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

	As at March 31, 2020	As at March 31, 2019
Investment in equity instruments (fully paid up)		
Unquoted shares		
Investment in equity instruments of wholly-owned subsidiary companies at Cost		
a) **PILL Finance & Investment Limited** 3,60,000 (March 31, 2019 : 3,60,000) Equity Shares of ₹10 each fully paid	4	4
b) **PI Life Science Research Limited** 14,97,325 (March 31, 2019 : 14,97,325) Equity Shares of ₹10 each fully paid	104	104
c) **Isagro (Asia) Agrochemicals Private Limited** 14,862,903 (March 31, 2019 :NIL) Equity Shares of ₹10 each fully paid*	4,432	-
d) **Jivagro Limited** 200,000 (March 31, 2019 :NIL) Equity Shares of ₹10 each fully paid	2	-
e) **PI Japan Company Limited** 100 (March 31, 2019 : 100) Equity Shares of ₹18,600 each fully paid - (JPY 50,000 each)	2	2
	4,544	**110**
TOTAL	**4,544**	**110**
Aggregate amount of un-quoted investments	**4,544**	**110**
Aggregate amount of impairment in the value of investments	-	-

* On December 27, 2019, the Company acquired 100% share of Isagro (Asia) Agrochemicals Private Limited ("Isagro") resulting into Isagro becoming subsidiary of the Company.

The company has acquired the total assets amounting to ₹4,522 (Including Cash and Cash equivalents amounting to ₹87, Current Invetsments amounting to ₹1,037, Property Plant and Equipment amounting to ₹750, Inventories amounting to ₹780 and Debtors amounting to ₹1079) and Liabilities amounting to ₹918 (including trade payable amounting to ₹334) as a part of consideration and balance is attributable towards the Goodwill amounting to ₹828 recognised in the consolidated financial statements of the Company towards excess of purchase consideration paid over fair value of net identifiable assets acquired.

The Isagro business is to be reorganized such that the domestic retail activities undertaken by Isagro will be transferred to Jivagro Limited and rest of the activities will be merged into PI Industries. This reorganization will be undertaken with effect from the date of acquisition of the Isagro business by PI Industries viz December 27, 2019 through a scheme of reorganization to be filed before the National Company Law Tribunal. The Board of Directors of the Company has authorised to submit scheme of arrangement for filing with the Court.

7(b) CURRENT INVESTMENTS

	As at March 31, 2020		As at March 31, 2019	
Investment in mutual funds at FVTPL				
Quoted				
a) Reliance Liquid Fund - Direct Plan Growth Plan - Growth Option				
Nil (March 31, 2019 : 48,256) Units	-		220	
b) Aditya Birla Sun Life Liquid Fund-Growth-Direct Plan				
Nil (March 31, 2019 : 6,53,069) Units	-		196	
c) HDFC Liquid Fund-Regular Plan-Growth				
Nil (March 31, 2019 : 70,151) Units	-		257	
d) SBI Liquid Fund Direct Growth				
Nil (March 31, 2019 : 1,52,342) Units	-	-	446	**1,119**
Quoted TOTAL		-		**1,119**
Aggregate amount of quoted investments and market value thereof		-		**1,119**
Aggregate amount of impairment in the value of investments		-		-

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for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

7(c) LOANS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless stated otherwise				
Security deposits*	36	39	15	7
Loans and advances to related parties (Refer Note 35)	20	58	92	49
Other loans and advances				
Employee advances				
Considered good	-	-	3	5
Doubtful	-	-	3	2
Less: Allowance for doubtful employee advances	-	-	(3)	(2)
Other miscellaneous advances**	-	-	47	48
TOTAL	**56**	**97**	**157**	**109**

* Includes ₹ 0 (March 31, 2019 ₹ 0) rent deposit to PILL Finance & Investment Limited

** Includes amount due from Related Parties amounting to ₹ 11 (March 31, 2019 ₹ 6).

Break up of security details

	As at March 31, 2020	As at March 31, 2019
Loans considered good- Secured	-	-
Loans considered good- Unsecured	**216**	**208**
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	216	**208**
Less: Loss Allowance	(3)	(2)
TOTAL	**213**	**206**

7(d) TRADE RECEIVABLES

	As at March 31, 2020	As at March 31, 2019
Trade receivables*	5,829	6,939
Receivables from related parties (Refer note 35)	63	-
Less: Allowance for doubtful debts	(409)	(321)
TOTAL	5,483	6,618
Current portion	**5,483**	**6,618**
Non-current portion	-	-

Break up of security details

	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured*	5,892	6,939
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
Less: Allowance for doubtful debts	(409)	(321)
TOTAL	**5,483**	**6,618**

Refer note 40 for information on trade receivables pledged as security by the Company.

* Trade Receivables include amount due from Related Parties amounting to ₹ 63 (March 31, 2019 ₹ Nil).

Notes to Financial Statements

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(All amount in ₹ million, unless otherwise stated)

7(e) CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
i. Cash & Cash Equivalents		
Balance with banks		
In Current Accounts	468	65
In EEFC account	9	60
Cash on hand	0	1
Deposits with maturity of less than 3 months	600	461
TOTAL	**1,077**	**587**

7(f) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
In deposit accounts held as margin money	18	31
Fixed deposits with bank	-	206
In unclaimed dividend accounts *	7	7
TOTAL	**25**	**244**

* Not available for use by the Company as they represent corresponding unclaimed dividend liabilities.

7(g) OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
-Considered good	-	-	80	94
-Doubtful	-	-	120	121
Less: Allowance for doubtful debts	-	-	(120)	(121)
Deposits lodged with Excise & Sales Tax department	30	28	-	-
Deposit accounts held as margin money	-	-	-	5
Insurance Claims Recoverable	-	-	104	-
Other recoverable (refer note 7(a))	-	-	122	-
Derivative financial instruments - foreign exchange forward contracts	-	90	-	120
TOTAL	**30**	**118**	**306**	**219**

7(h) CONTRACTS ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Contract assets*	-	-	1,022	520
TOTAL	-	-	**1,022**	**520**

* Recoverable from customers under contract for supply of goods manufactured exclusively for customers (Refer note 3(h)).

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(All amount in ₹ million, unless otherwise stated)

8. INVENTORIES

	As at March 31, 2020	As at March 31, 2019
Raw materials {includes stock-in-transit ₹ 733 (March 31, 2019 : ₹ 1048)}	5,036	3,504
Work in progress	303	595
Finished goods {includes stock-in-transit ₹ 67 (March 31, 2019 : ₹ 183)}	931	735
Stock in trade {includes stock-in-transit ₹ Nil (March 31, 2019 : ₹ NIL)}	466	292
Stores & spares {includes stock-in-transit ₹ 1 (March 31, 2019 : ₹ 6)}	463	231
TOTAL*	**7,199**	**5,357**

* The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 45 (March 31, 2019: ₹ 68)

9. OTHER ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Considered good unless stated otherwise				
Capital advances				
Considered good	297	383	-	-
Doubtful	1	1	-	-
Less: Allowance for doubtful advances	(1)	(1)	-	-
Advances to vendors				
Considered good	-	-	341	627
Doubtful	-	-	43	11
Less: Allowance for doubtful advances	-	-	(43)	(11)
Balance with Central Excise Authorities, Customs etc.	-	-	249	93
Prepayments	6	11	91	58
Other statutory advances	0	0	284	657
Export incentive receivables	-	-	333	559
Right to recover returned goods	-	-	52	107
Other miscellaneous advances*	54	60	-	-
TOTAL	**357**	**454**	**1,350**	**2,101**

* Other miscellaneous advances includes amount of ₹ 50 (March 31, 2019 ₹ 55) deposited with Sales Tax Authorities under protest.

10. CURRENT TAX ASSETS

	As at March 31, 2020	As at March 31, 2019
Advance income tax (Net of provision for income tax ₹ 8,205 {March 31, 2019 ₹ 7,229})	85	-
TOTAL	**85**	**-**

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

11. EQUITY SHARE CAPITAL

	As at March 31, 2020	As at March 31, 2019
Authorised Shares		
723,000,000 (March 31, 2019 : 223,000,000) Equity Shares of ₹1 each (March 31, 2019 : ₹ 1 each)	723	223
Nil (March 31, 2019 : 5,000,000) Preference Shares of ₹100 each (March 31, 2018 : ₹ 100 each)	-	500
	723	**723**
Issued Shares		
138,284,568 (March 31, 2019 : 138,207,226) Equity Shares of ₹1 each (March 31, 2019 : ₹ 1 each)	138	138
	138	**138**
Subscribed & Fully Paid up Shares		
138,107,993 (March 31, 2019 : 138,030,651) Equity Shares of ₹1 each (March 31, 2019 : ₹ 1 each)	138	138
Total subscribed and fully paid up share capital	**138**	**138**

a. The difference between the issued and subscribed capital is on account of less number of shares allotted in right issue in earlier years.

b. Terms/ rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹1 per share (March 31, 2019 ₹ 1 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Issue of Shares under employee stock option (ESOP) Scheme

During the year ended March 31, 2020, the Company has issued 77,342 equity shares of ₹ 1 each (March 31, 2019 123,333 equity shares of ₹ 1 each), as per exercise price to PII ESOP Trust, set up to administer Employee Stock Option Plan. Out of total equity shares issued to the Trust 159,685 equity shares of face value of ₹ 1 each (March 31, 2019 163,691 equity shares of face value of ₹ 1 each) have been allocated by the Trust during the year to respective employees upon exercise of Stock Option. As on March 31, 2020, 131,036 equity shares of face value of ₹ 1 per share (March 31, 2019 231,200 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 31)

d. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Issued share capital

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2019-20	2018-19	2019-20	2018-19
Share outstanding at beginning of period	138,207,226	138,083,893	138	138
Shares issued under employee stock option scheme	77,342	123,333	0	0
Share outstanding at end of period	**138,284,568**	**138,207,226**	**138**	**138**

Subscribed & paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2019-20	2018-19	2019-20	2018-19
Share outstanding at beginning of period	138,030,651	137,907,318	138	138
Shares issued under employee stock option plan	77,342	123,333	0	0
Share outstanding at end of period	**138,107,993**	**138,030,651**	**138**	**138**

e. Shares reserved for issue under option

Shares reserved for issue under employee stock option scheme is set out in Note 31

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

f. **Details of shareholders holding more than 5% shares in the Company**

Equity Shares

Name of Shareholders	2019-20		2018-19	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	6.20	8,554,857	6.20
Ms. Madhu Singhal	21,560,500	15.62	21,560,500	15.62
Mr. Mayank Singhal	32,028,510	23.20	32,028,510	23.20
Ms. Pooja Singhal	8,665,550	6.28	8,665,550	6.28
ICICI Prudential Value Discovery Fund	-	-	6,073,466	4.40

12. OTHER EQUITY

		As at March 31, 2020		As at March 31, 2019	
	Reserves & surplus				
a.	**Capital reserve**				
	Balance at the beginning of the financial year	15		15	
	Addition during the financial year	-	15	-	15
	Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b.	**Securities premium reserve**				
	Balance at the beginning of the financial year	2,169		2,053	
	Add: Premium on issue of equity shares through ESOP	80	2,249	116	2,169
	Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.				
c.	**Share option outstanding account**				
	Balance at the beginning of the financial year	73		102	
	Less: Expense on employee stock option scheme	(4)		13	
	Less: Shares issued under employee stock option scheme	(27)	42	(42)	73
	The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 31).				
d.	**General reserve**				
	Balance at the beginning of the financial year	1,857		1,857	
	Add: Transferred during the financial year	-	1,857	-	1,857
e.	**Surplus in statement of profit & loss**				
	Balance at the beginning of the financial year	18,368		14,908	
	Addition during the financial year	4,423		4,077	
	Add: Adjustment of Ind AS 115	-		216	
	Add: Remeasurement gain / (loss) on defined benefit plans through OCI	(14)		(1)	
	Less: Interim dividend	(414)		(345)	
	Less: Final dividend	(207)		(345)	
	Less: Dividend distribution tax on equity shares	(127)	22,029	(142)	18,368
	Items of other comprehensive income				
f.	**Cash flow hedge reserve**				
	Balance at the beginning of the financial year	127		49	
	Add: Other comprehensive income for the financial year	(546)	(419)	78	127
	The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
	Total		**25,773**		**22,609**

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

13. DISTRIBUTION MADE AND PROPOSED

		As at March 31, 2020	As at March 31, 2019
A.	**Dividends declared and paid:**		
	Final dividend (March 31, 2020 pertains to financial year 2018-19 and March 31, 2019 pertains to financial year 2017-18)	207	345
	Interim dividend (March 31, 2020 pertains to financial year 2019-20 and March 31, 2019 pertains to financial year 2018-19)	414	345
	Total dividends	**621**	**690**
	(a) The Company has paid tax on dividend amounting to ₹ 127 (March 31, 2019 ₹ 142)		
B.	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, subsequent to the year end the Board of Directors have recommeded a final dividend of ₹ 1 per fully paid equity share (March 31, 2019 ₹ 1.50).	138	207
	Tax on dividend	-	42
	This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

14. FINANCIAL LIABILITIES

14(a) BORROWINGS (NON-CURRENT)

	Non- Current maturities		Current maturities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Secured				
Term Loans - From Banks and Financial Institutions				
Foreign Currency Loans from Banks at amortised cost	2,254	99	109	395
Rupee Term Loan at amortised cost	1,740	-	-	-
Less: Interest accrued but not due on borrowings (included in Note 14(c))	-	-	12	2
TOTAL	**3,994**	**99**	**97**	**393**

a. Foreign currency loans includes:

(i) 'External commercial borrowings (ECB) from HSBC Bank, Mauritius amounting to USD 1.42 MN carrying interest rate of 3 months LIBOR plus 1.10% is outstanding as on March 31, 2020 and is repayable in balance 1 (one) quarterly instalments of USD 1.42 Mn. The maturity date of the loan is May 25, 2020. The loan is secured by exclusive charge on movable plant and machinery & building relating to multi purpose plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 40)

(ii) 'External commercial borrowings (ECB) from HSBC Bank, Singapore amounting to USD 30.0 MN (drawn) carrying interest rate of 3 months LIBOR plus 1.25% is outstanding as on March 31, 2020. In addition, an amount of USD 28 MN is approved from HSBC Bank, Singapore, which is pending to be drawn. The borrowing from HSBC Bank, Singapore are repayable in 14 (fourteen) equal quarterly instalments of USD 4.14 MN each. The maturity date of the loan is October 10, 2024. The loan is secured by exclusive charge on movable plant and machinery and building relating to under construction multi purpose plant (MPP) - 10 & 11 of the Company situated at SPM 29/2, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 40)

(iii) 'Rupee Term Loan from Citicorp Finance (India) Limited (""CFIL"") amounting to ₹ 1,740 carrying interest rate of 8% is outstanding as on March 31, 2020. The borrowings from CFIL are repayable in 8 (eight) equal quarterly installment. The maturity date of the loan is December 31, 2022. The loan is secured by exclusive charge on moveable fixed assets of multi purpose plant (MPP) 8 and under construction Multi purpose plant (MPP) 9 of the Company situated at SPM 29/2, Jambusar (Gujarat). The purpose of Loan is reimbursement of capital expenditure at various manufacturing facility in FY 2019 and H1 FY 2020.(refer note 40)

b. As on the Balance sheet date there is no default in repayment of loans and interest.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

c. Changes in liabilities arising from financing activities

	As at March 31, 2020	As at March 31, 2019
This section sets out changes in liabilities arising from financing activities pursuant to requirements under Ind AS 7		
Current portion of long term financial borrowings	(97)	(393)
Non-current portion of long term financial borrowings	(3,994)	(99)
Interest accrued but not due on borrowings	(12)	(2)
TOTAL	**(4,103)**	**(494)**
Balance as at the beginning of the year	**(494)**	**(836)**
Foreign exhange adjsutments	(154)	(56)
Interest expense	(60)	(29)
Interest paid	50	30
Amortisation of Prepaid Processing Charges on Term Loan	34	(2)
Loan taken	(3,886)	-
Re-payments	407	399
Balance as at the end of the year	**(4,103)**	**(494)**

d. Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants :

a. the Debt service coverage ratio (DSCR) must be higher than 2. [DSCR = (PAT + Depreciation + Interest expenses + Deferred tax + Amortization)/ (Interest paid (including interest capitalized) + Finance charges paid + Long term and short term debt repayments excluding working capital)]

b. Fixed assets coverage ratio (FACR) must be higher than 1.25 [Fixed assets coverage ratio = (Hypothecated Movable Fixed Assets (net book value) + Immovable assets mortgaged (book value))/ (secured loan outstanding)]

c. External Debt/EBIDTA to be maintained below 2.5. [Total debt or borrowings/ EBIDTA]

d. External gearing to be maintained below 2.[Total debt or borrowings /Tangible net worth]

The Company complied with these ratios throughout the reporting period. As at March 31, 2020 Debt service coverage ratio was 10.72 (March 31, 2019 at 14.67), Fixed assets coverage ratio was 3.52 (March 31 2019 at 16.64), External Debt/EBIDTA was 0.68 (March 31, 2019 at 0.08) and external gearing ratio was 0.20 (March 31, 2019 at 0.02).

14(b) BORROWINGS (CURRENT)

	As at March 31, 2020	As at March 31, 2019
Secured		
From Banks & Financial Institutions		
Secured short term loan - Working Capital Demand Loan	950	-
Buyer's Credit	133	
TOTAL	**1,083**	-

a Short term loan:

Working capital loans amounting to INR 950 Mn carrying interest rate of 7.90 to 8.10 % is outstanding as on March 31, 2020, maturity within three months from the balance sheet date. The loan is secured by floating charge on all current assets. The purpose of the loan is to meet working capital requirements of the Company.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b. Changes in liabilities arising from financing activities

	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	-	-
Interest expense	43	-
Interest paid	(43)	-
Amortisation of Prepaid Processing Charges	-	-
Borrowings (Net)	1,083	-
Balance as at the end of the year	**1,083**	-

14(c) TRADE PAYABLES

	As at March 31, 2020	As at March 31, 2019
Trade payables		
-Due to micro and small enterprises (Refer Note 35)	56	48
-Other trade payables	5,482	5,093
TOTAL	**5,538**	**5,141**

* Other trade payable includes amount due to related parties amounting to ₹ 201 (March 31, 2019 ₹ 14)

14(d) OTHER FINANCIAL LIABILITIES

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Employee payables *	-	-	640	523
Security deposits from dealers	195	189	-	-
Security deposits from contractors	1	1	2	3
Current maturities of long-term borrowings (Refer Note 14 (a))	-	-	97	393
Interest accrued but not due on borrowings	-	-	12	2
Unclaimed dividends	-	-	7	7
Creditors for capital purchases	-	-	502	371
Deferred Lease Liabilities	295	-	164	-
Other payable **	-	-	782	1,115
Derivative financial instruments - foreign exchange forward contracts	257	-	508	-
TOTAL	**748**	**190**	**2,714**	**2,414**

a. Changes in liabilities arising from financing activities- Deferred lease liabilities :-

		As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year		412	-
Interest expense		46	-
Addition- lease liabilities		176	-
Lease rental paid		(175)	-
Balance as at the end of the year	**TOTAL**	**459**	**-**

* This includes due to directors amounting to ₹ 99 (March 31, 2019 ₹ 93)

** This includes due to non-executive/ independent directors amounting to ₹ 13 (March 31, 2019 : ₹ 17)

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

15. PROVISIONS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits*				
Long term compensated absences	-	111	152	8
Gratuity (Refer note 30)	107	178	-	-
	107	**289**	**152**	**8**
Provisions for legal claims	-	-	132	118
	-	**-**	**132**	**118**
TOTAL	**107**	**289**	**284**	**126**

* This includes due to directors amounting to ₹ 68 (March 31, 2019 ₹ 48)

(i) Long term compensated absences

The long term compensated absences cover the company's liability for earned leave which are classified as other long-term benefits.

The entire amount of provision of ₹ 152 is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within next 12 months.

	As at March 31, 2020	As at March 31, 2019
Leave obligations not expected to be settled within the next 12 months	135	-

(i) Information about provisions for legal claims

(a) An objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Company filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2020 total differential custom duty demand is ₹ 128 (March 31, 2019: ₹ 114). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 4 (March 31, 2019: ₹ 4). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honorable Rajasthan High Court.

(ii) Movement in other provision

	Legal claims
As at 1 April 2018	101
Provisions made during the year	17
As at 31 March 2019	118
Provisions made during the year	14
As at March 31, 2020	**132**

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

16. DEFERRED TAX (ASSETS) / LIABILITIES

The balance comprises temporary differences attributable to:		As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities			
Plant, property and equipment		1,433	1,093
Intangible assets		13	14
	A	**1,446**	**1,107**
Deferred tax assets			
Provision for employee benefits		(51)	(42)
Other provisions		(64)	(17)
Other financial liabilities		(7)	(8)
Trade receivables		(143)	(155)
Other comprehensive income items			
- Remeasurements on defined benefit plans		(25)	(17)
- Effective portion on cash flow hedges		(236)	58
Others		(29)	(5)
Minimmum alternate tax (MAT) credit entitlement		(778)	(1,048)
	B	**(1,333)**	**(1,234)**
Net deferred tax (assets)/ liabilities	**TOTAL**	**113**	**(127)**

Movement in deferred tax:	As at March 31, 2019	Recognized in P&L	Recognized in OCI	Utilisation	As at March 31, 2020
Deferred tax liabilities					
Plant, property and equipment	1,093	340	-	-	1,433
Intangible assets	14	(1)	-	-	13
Sub- Total (a)	**1,107**	**339**	**-**	**-**	**1,446**
Deferred tax assets					
Provision for employee benefits	42	9	-	-	51
Other provisions	17	47	-		64
Other financial liabilities	8	(1)	-	-	7
Trade receivables	155	(12)	-	-	143
Other comprehensive income items					
- Remeasurements on defined benefit plans	17	-	8	-	25
- Effective portion on cash flow hedges	(58)	-	294	-	236
Others	5	24	-	-	29
Minimmum alternate tax (MAT) credit entitlement	1,048	-	-	(270)	778
Sub- Total (b)	**1,234**	**67**	**302**	**(270)**	**1,333**
Net deferred tax (assets)/ liabilities (a)-(b)	**(127)**	**272**	**(302)**	**270**	**113**

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for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Movement in deferred tax:	As at March 31, 2018	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2019
Deferred tax liabilities					
Plant, property and equipment	1,032	62	-	-	1,093
Intangible assets	16	(3)	-	-	14
Sub- Total (a)	**1,048**	**59**	**-**	**-**	**1,107**
Deferred tax assets					
Provision for employee benefits	89	(47)	-	-	42
Other provisions	11	6	-	-	17
Other financial liabilities	5	3	-	-	8
Trade receivables	67	88	-	-	155
Other financial assets	28	(28)	-	-	-
Other comprehensive income items					
- Remeasurements on defined benefit plans	16		1	-	17
- Effective portion on cash flow hedges	(16)		(42)	-	(58)
Others	4	1	-	-	5
Minimmum alternate tax (MAT) credit entitlement	1,096	(64)	-	16	1,048
Sub- Total (b)	**1,300**	**(41)**	**(41)**	**16**	**1,234**
Net deferred tax (assets)/ liabilities (a)-(b)	**(252)**	**100**	**41**	**(16)**	**(127)**

* Actualisation of MAT credit utilisation for the FY 2017-18 on the basis of tax return filed.

17. OTHER LIABILITIES

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Advance from customers	-	-	323	125
Refund/ Return liabilities *	-	-	95	208
Statutory dues payable	-	-	110	102
TOTAL	**-**	**-**	**528**	**435**

* The Company has a customary practice of accepting return and accordingly, the Company has recognised a refund liability for the amount of consideration received for which the Company does not expect to be entitled amounting to ₹ 95 (March 31,2019: ₹ 208). The Company has also recognised a right to recover the returned goods ₹ 52 (March 31, 2019: ₹ 107). The costs to recover the products are not material because the customers usually return the product in a saleable condition.

18. CURRENT TAX LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax (Net of Advance Income Tax ₹ 8,245 {March 31, 2019 ₹ 7,223})	44	6
TOTAL	**44**	**6**

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

19. REVENUE FROM OPERATIONS

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations includes		
a. Sale of products	32,468	27,918
b. Sale of services;	12	2
c. Other operating revenues:		
Scrap sales	16	18
Export incentives	572	471
Revenue From Operations (Net)	**33,068**	**28,409**

Reconciliation of revenue recognised with the contract price:	Year ended March 31, 2020	Year ended March 31, 2019
Contract Price	34,242	29,886
Adjustments for:		
Refund liabilities	(95)	(208)
Discount/Incentives	(1,679)	(1,760)
Revenue from Operations	**32,468**	**27,918**

Critical judgements in revenue :

The Company has recognised Provision for discounts and sales returns amounting to ₹ 456 from sale of products to various customers during the year ended March 31, 2020 (March 31, 2019 ₹ 474). The provision has been determined by the management based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

20. OTHER INCOME

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income from financial assets at amortised cost	163	193
Unwinding of discount on security deposits	15	10
Net gain on financial assets		
Net gain on financial assets measured at fair value through profit or loss		
'-Realized Gain	13	198
'-Unrealized Gain/ (Loss)	-	(89)
Net foreign exchange differences *	255	240
Dividend Income	0	-
Miscellaneous Income	33	48
TOTAL	**479**	**600**

* Net of amount of loss ₹ 149 (March 31, 2019 ₹ 55) which has been transferred to Capital work in progress during the year.

21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	Year ended March 31, 2020		Year ended March 31, 2019	
Closing balance				
Finished Goods	931		735	
Stock in trade	466		292	
Work in Progress	303		595	
Right to recover returned goods	52	1,752	107	1,729
Opening balance				
Finished Goods	735		1,710	
Stock in trade	292		150	
Work in Progress	595		369	
Right to recover returned goods	107	1,729	-	2,229
TOTAL		**(23)**		**500**

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Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

22. EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	2,776	2,353
Contribution to provident & other funds	111	95
Gratuity (Refer Note 30)	50	38
Long term compensated absences	46	25
Employees Welfare Expenses	134	101
Expense/(Reversal) on Employee Stock Option Scheme (Refer Note 31)	(4)	13
TOTAL*	**3,113**	**2,625**

* Net of amount of ₹ 494 (March 31, 2019 ₹ 169) which has been transferred to Capital work in progress during the year.

23. OTHER EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Power, fuel & water	1,073	912
Consumption of stores & spares	317	251
Repairs & maintenance		
- Buildings	47	60
- Plant and machinery	247	216
- Others	174	129
Environment & pollution control expenses	480	454
Laboratory & testing charges	286	253
Freight & cartage	300	406
Advertisement & sales promotion	445	370
Travelling and conveyance	359	427
Rental charges {Refer note 32(c)}	80	156
Rates and taxes	35	44
Insurance	112	42
Donation	8	59
Loss on Sale/Retirement of property, plant and equipment (Net)	13	13
Payment to auditors {Refer note 23 (a) below}	5	5
Telephone and communication charges	46	44
Provision for bad and doubtful debts & advances	122	179
Director sitting fees and commission	15	19
Legal & professional fees	292	194
Technical Know How Fees	12	-
Bank charges	20	21
Corporate social responsibility expenditure {Refer note 24 below}	102	93
Miscellaneous expenses	260	204
TOTAL*	**4,850**	**4,551**

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
a. Auditors' Remuneration		
-Audit fees	3	3
- Limited review fees	1	1
-Certificates & other matters	1	1
-Reimbursement of expenses	0	0
TOTAL	**5**	**5**

* Net of amount of ₹ 134 (March 31, 2019 ₹ 55) which has been transferred to Capital work in progress during the year.

24. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to PI Foundation Trust for CSR activities	102	93
Amount required to be spent by the Company during the year as per Section 135 of the Act	102	93
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	102	93

25. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of Property, Plant and Equipment (Refer Note 4)	1,311	906
Amortization of Intangible Assets (Refer Note 5)	21	20
TOTAL	**1,332**	**926**

26. FINANCE COST

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on financial liabilities measured at amortised cost	151	56
Less: transferred to CWIP	(19)	-
Interest and finance charges on lease liability	46	-
Other borrowing costs	2	3
TOTAL	**180**	**59**

27. INCOME TAX EXPENSE

a) Income tax expense recognized in Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense		
Current tax on profits for the year	1,235	1,185
Adjustment of current tax for prior year periods	13	(16)
Total Current tax expense	**1,249**	**1,169**
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	339	59
Decrease / (Increase) in Deferred tax assets	(67)	41
Net Deferred tax expense	**272**	**100**
Total Income tax expense	**1,521**	**1,269**

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Deferred tax related to items recognised in Other comprehensive income during the year

	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement of defined benefit plans	(8)	(1)
Effective portion on cash flow hedges	(294)	42
Income tax charged to Other comprehensive income	**(302)**	**41**

c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax	5,944	5,346
Tax at India's statutory income tax rate @ 34.944% (March 31, 2019: 34.944%)	2,077	1,868
Adjustment in respect of current income tax of previous years	13	(16)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	-	-
Effect of concessions (expenditure on research and development)	(156)	(121)
Effect of income that is exempt from taxation (operations in tax free zone)	(426)	(486)
Effect of change in tax rate	-	8
Effect of amounts which are not deductible in calculating taxable income	13	16
Income Tax Expense	**1,521**	**1,269**

28. RESEARCH & DEVELOPMENT EXPENSES

Details of Expenditure on Research & Development Facilities/ division of the Company recognised by Department of Scientific & Industrial Research including new facility for which application has been made during the year.

a) Revenue Expenditure

	Year ended March 31, 2020	Year ended March 31, 2019
Other Income	0	0
TOTAL	**0**	**0**
Employee Benefit Expenses		
Salaries, Wages & Bonus	374	290
Contributions to Provident & other funds	26	20
Employee Welfare Expenses	8	7
	408	**317**
Raw & Packing Materials Consumed	**115**	**109**
Other Expenses		
Laboratory & testing Material	71	58
Power, Fuel & Water	51	40
Consumption of stores & spares	47	65
Testing & analysis	26	13
Travelling & conveyance	21	17
Rates and taxes	0	0
Printing & Stationery	1	0
Bank Charges	0	0
Legal & professional fees	31	33
Miscellaneous Expenses	41	36
	289	**262**
Depreciation		
Depreciation	108	100
TOTAL	**920**	**788**
Total Expenditure	**920**	**788**

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Capital Expenditure

Description	Year ended March 31, 2020	Year ended March 31, 2019
Buildings	55	0
Equipments & Others	174	50
TOTAL	**229**	**50**

29. EARNING PER SHARE

	Year ended March 31, 2020	Year ended March 31, 2019
a) Net Profit for Basic & Diluted EPS	4,423	4,077
b) Number of Equity Shares at the beginning of the year	138,030,651	137,907,318
Add: Issue of Shares under ESOP	77,342	123,333
Total Number of Shares outstanding at the end of the Period	**138,107,993**	**138,030,651**
Weighted Average number of Equity Shares outstanding during the period - Basic	**138,054,383**	**137,947,190**
Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	27,844	91,382
Weighted Average number of Equity Shares outstanding during the year - Diluted	**138,082,227**	**138,038,572**
Earning Per Share - Basic (₹)	32.04	29.56
Earning per share - Diluted (₹)	32.02	29.54
Face value per share (₹)	1.00	1.00

30. EMPLOYEE BENEFITS

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

Provident Fund

In accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (EPF and MP Act), employees are entitled to receive benefits under the Provident Fund. Employers and employees both contribute @12% of wages in contribution accounts. Further, the employers also contribute towards administration of the benefits under the EPF and MP Act. All employees have an option to make additional voluntary contributions as permissible under the Act. These contributions are made to the fund administered and managed by the Employee Provident Fund organization. The Company has no further obligations under the fund managed by the Employee Provident Fund Organization (EPFO) beyond its monthly contributions which are charged to the statements of profit or loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the EPFO. Also, refer note 33.

Gratuity Plan

In accordance with the Payment of Gratuity Act of 1972, PI Industries Limited has established a defined benefit plan (the “Gratuity Plan”). The Gratuity Plan provides a lump sum payment to the employees at the time of retirement or resignation (after 5 years of continued services of employment), being an amount based on the respective employee’s last drawn salary and the number of years of employment with the Company. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Long term compensated absences

The liabilities for compensated absence namely earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss.

a) Defined Contribution Plans: -

The Company has recognised an expense of ₹ 111 (Previous Year ₹ 95) towards the defined contribution plan.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Defined benefits plans - as per actuarial valuation

		Year ended March 31, 2020 Gratuity Funded	Year ended March 31, 2019 Gratuity Funded
I	**Change in present value of obligation during the year**		
	Present value of obligation at the beginning of the year	259	223
	Total amount included in profit and loss: *		
	- Current Service Cost	42	32
	- Interest Cost	20	17
	- Past Service Cost	-	-
	Total amount recognised in profit or loss	**62**	**49**
	Total amount included in OCI:		
	Remeasurement related to gratuity:		
	Actuarial losses/(gains) arising from:		
	- Demographic Assumption	0	0
	- Financial assumption	23	1
	- Experience Judgement	2	2
	Others		
	Benefits Paid	(20)	(16)
	Present Value of obligation as at year-end	**326**	**259**

* Includes expenses reclassified to capital work in progress ₹ 6 (March 31, 2019 ₹ 4)

II Change in Fair Value of Plan Assets during the year

	Year ended March 31, 2020 Gratuity Funded	Year ended March 31, 2019 Gratuity Funded
Plan assets at the beginning of the year	81	88
Included in profit and loss:		
Expected return on plan assets	6	7
Included in OCI:		
Actuarial Gain/(Loss) on plan assets	3	2
Others:		
Employer's contribution	148	-
Benefits paid	(17)	-
Claim received during the year from fund manager	-	(3)
Pending claim with fund manager	(2)	(13)
Plan assets at the end of the year	**219**	**81**

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets

	Year ended March 31, 2020 Gratuity Funded	Year ended March 31, 2019 Gratuity Funded
1. Present Value of obligation as at year-end	326	259
2. Fair value of plan assets at year-end	219	81
3. Funded status {Surplus/(Deficit)}	(107)	(178)
Net Asset/(Liability)	**(107)**	**(178)**

IV Bifurcation of Present value of obligation at the end of the year

	Year ended March 31, 2020 Gratuity Funded	Year ended March 31, 2019 Gratuity Funded
Current Liability	-	-
Non-Current Liability	107	178

V Actuarial Assumptions

	Year ended March 31, 2020 Gratuity Funded	Year ended March 31, 2019 Gratuity Funded
Discount Rate	6.79%	7.65%
Expected rate of return on plan assets	7.50%	7.50%
Mortality Table	IALM (2012-14)	IALM (2006-08)
Salary Escalation	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 58 (March 31, 2019: ₹ 53).

VII Sensitivity Analysis

Gratuity	Year ended March 31, 2020 Increase	Year ended March 31, 2019 Increase
Discount rate (0.50 % movement)	(14)	(11)
Future salary growth (0.50 % movement)	15	12

VIII Maturity Profile of Defined Benefit Obligation

	Year ended March 31, 2020 Gratuity Funded	Year ended March 31, 2019 Gratuity Funded
Within the next 12 months	18	14
Between 2-5 years	60	41
Beyond 5 years	248	204

IX Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

B) Investment Risk – If Plan is funded then the mismatch between assets and liabilities and actual return on assets being lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

C) Long term compensated absences

The provision for long term compensated absences covers the Company's liability for earned and sick leave, the amount of provision recognised is ₹ 152 (March 31, 2019 ₹ 119)

31. SHARE BASED PAYMENTS

Employee Stock Option Plan

The Company provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

In December 2010, the Board of Directors approved the PII ESOP 2010 Scheme in order to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company (including subsidiary companies) with an intent to attract and retain talent in the organization. The aforesaid scheme was duly approved by shareholders in its EGM held on January 21, 2011 and is administered through independent trust. The Compensation Committee of the Board has granted following options under PII ESOP 2010 Scheme to certain category of employees as per criteria laid down by Compensation Committee of the Board.

Key terms of the scheme

Date of Shareholder's Approval	21-Jan-11
Total Number of Options approved	62,62,090
Vesting Requirements	Options shall vest after a lock in period of one year from the date of grant. Option shall vest in four years as per the Company's ESOP plan. (Refer vesting schedule below)
The Pricing Formula	10% discount to market price on National Stock Exchange a day prior to date of grant
Maximum term of Options granted (years)	10 years
Method of Settlement	Shares
Source of shares	Primary-Fresh equity allotment by Company to the Trust
Variation in terms of ESOP	Nil
Vesting schedule	Under the plan, participants are granted options which vests at 15%, 25%, 30%, 30% respectively each year over a period of 4 years or as defined in Grant letter.
Exercisable period	Once vested, the options remain excisable for a period of six years
Vesting condition	Vesting shall be computed through performance evaluation method based on conditions pre-communicated to employees.

I. Option Movement during the year ended March 2020

Particulars	March 31, 2020		March 31, 2019	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	4,39,351	592.87	6,87,924	492.55
Options Granted during the year	-	NA	-	NA
Options Forfeited / Surrendered during the year	72,488	711.90	84,882	581.35
Total number of shares arising as a result of exercise of options	1,59,685	499.27	1,63,691	177.59
Money realised by exercise of options (₹ Mn)	80	NA	29	NA
Number of options Outstanding at the end of the year	2,07,178	623.36	4,39,351	592.87
Number of Options exercisable at the end of the year	1,31,036	574.51	2,31,200	499.46

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2020		March 31, 2019	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	-	NA	-	NA
75 to 150	24,349	3.16	54,716	4.11
150 to 450	5,254	4.47	45,958	5.34
450 to 750	177,575	5.57	338,677	5.55

III. Weighted average Fair Value of Options granted during the year

	March 31, 2020	March 31, 2019
Exercise price is less than market price (in ₹) *	NA	NA

* No options granted during the year ended March 31, 2020 and March 31, 2019.

IV. The weighted average market share price of options exercised during the year ended March 31, 2020 is ₹1327 (March31,2019 is ₹ 840)

V. Method and Assumptions used to estimate the fair value of options granted during the year ended:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

	March 31, 2020	March 31, 2019
Variables	**Weighted Average***	**Weighted Average**
1. Risk Free Interest Rate	NA	NA
2. Expected Life (in years)	NA	NA
3. Expected Volatility	NA	NA
4. Dividend Yield	NA	NA
5. Exercise Price (in ₹)	NA	NA
6. Price of the underlying share in market at the time of the option grant. (in ₹)	NA	NA

* No options granted during the year ended March 31, 2020 and March 31, 2019.

VI. Particulars

	March 31, 2020	March 31, 2019
Employee Option plan expense	(4)	13
Total liability at the end of the period	42	73

32 CAPITAL & OTHER COMMITMENT

		March 31, 2020	March 31, 2019
a.	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 298 (March 31, 2019: ₹ 385)}	361	1,461
b.	Export Commitment	5,712	5,202
c.	Leases		

Operating lease commitments - As lessee

The Company leases various offices, warehouses, godown, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years. The leases have varying terms, escalation clauses and renewal rights. From April 1, 2019, the company has recognised Right of Use Assets for these leases except for short term and low value leases, see note 23 and Note 41 for further information

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Total of future minimum lease payments under non-cancellable short term operating leases for each of the following periods:

	March 31, 2020	March 31, 2019
Payable within one year	20	156
-Later than one year and not later than five years	26	172
-Later than five years	-	0
-Lease payments recognised in Statement of Profit and Loss (Refer note 23)	80	260

33. CONTINGENT LIABILITIES

	March 31, 2020	March 31, 2019
a. Claims against the company not acknowledged as debt; *		
(refer note (i) below)		
- Sales Tax including Goods and Service Tax	62	48
- Excise Duty	16	21
- Income Tax	78	78
- ESI	1	1
- Other matters, including claims relating to customers, labour and third parties etc.	19	35
b. Guarantees excluding financial guarantees;		
- Performance bank guarantees	440	259
c. Other money for which the Company is contingently liable		
- Letter of Credit	1,393	1,427

Notes:

(i) Represents amounts as stated in Demand Order excluding interest and penalty

* Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above as it is determinable only on receipt of the judgements/ decisions pending with various forums / authorities.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

"In Company's assessment the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 and circular No. C-I/1(33)2019/Vivekanand Vidyamandir/717 dated August 28, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and computation of liability to be done as per provision of Para 2(f) of EPF Scheme, 1952, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements".

34. OPERATING SEGMENT

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Company's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

The Company has evaluated the applicability of segment reporting and has concluded that since the Company is operating in the field of Agro Chemicals both in the domestic and export markets and the CODM reviews the overall performance of the agro chemicals business, accordingly the Company has one reportable business segment viz. Agro Chemicals.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

I. Revenue:

A. Information about product revenues:

The Company is in the business of manufacturing and distribution of Agro Chemicals. The amount of its revenue from external customers broken down by products is shown in the table below:

	March 31, 2020	March 31, 2019
Active Ingredients and Intermediates	25,517	19,205
Formulations	7,324	9,030
Others	227	174
TOTAL	**33,068**	**28,409**

B. Geographical Areas

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below (also refer note 38):

	March 31, 2020	March 31, 2019
India	8,678	9,574
Asia (other than India)	8,522	3,893
North America	11,911	11,012
Europe	2,583	2,802
Rest of the World	1,374	1,128
TOTAL	**33,068**	**28,409**

II. The total of Non-current assets (other than financial instruments and deferred tax assets), broken down by location of the assets, is shown in the table below:

	March 31, 2020	March 31, 2019
India	19,725	14,118
Asia (other than India)	1	1
Europe	5	2
TOTAL	**19,731**	**14,121**

35. RELATED PARTY DISCLOSURES

Related party disclosure, as required by Indian Accounting Standard-24, is as below:

a) Nature of Related Party relationship

I - Subsidiaries, Associates and Controlled Trust:

(a)	PILL Finance and Investment Limited	Subsidiary
(b)	PI Life Science Research Limited	Subsidiary
(c)	Isagro (Asia) Agrochemicals Private Ltd	Subsidiary (w.e.f. end of December 27, 2019)
(d)	Jivagro Limited	Subsidiary (Incorporated on December 12, 2019)
(e)	PI Japan Co. Limited	Foreign Subsidiary
(f)	Solinnos Agro Sciences Private Limited	Associate
(g)	PI Kumiai Private Limited	Joint Venture
(h)	PII ESOP Trust	Controlled Trust

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

II - Key Management Personnel (KMP) & their relatives with whom transactions have taken place:

(a) Key Management Personnel

Mr. Mayank Singhal	Vice Chairman and Managing Director
Mr. Rajnish Sarna	Whole-Time Director
Dr. Raman Ramachandran	Managing Director & CEO (W.e.f July 1, 2019)
Mr. Narayan K. Seshadri	Non-executive Director (Chairman)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (Until May 1, 2019)
Mr. Arvind Singhal	Non-executive Director
Dr. Tanjore Soundararajan Balganesh	Non-executive Director

(b) Relatives of Key Management Personnel

Mr. Salil Singhal	Father of Mr. Mayank Singhal
Ms. Madhu Singhal	Mother of Mr. Mayank Singhal
Ms. Pooja Singhal	Sister of Mr. Mayank Singhal

III - Entities controlled by KMP with whom transactions have taken place:

(a) PI Foundation

b) The following transactions were carried out with related parties in the ordinary course of business:

Nature of Transaction	Type of relation	2019-20		2018-19	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Compensation to KMP					
-Short term employee benefits		212		159	
-Post employment benefits		27		19	
-Commission and other benefits to non-executive/ independent directors	a(ii)(a)	15		19	
Total		**254**	**(180)**	**197**	**(158)**
Other Transactions					
Purchase of services	a(i)(b)	38	(7)	39	
	a(i)(e)	58	(11)	55	(10)
	a(ii)(b)	13	(2)	14	(4)
Purchase of Goods	a(i)(g)	239	(181)	-	-
Sales of services	a(i)(f)	1	0	1	-
Sale of Goods	a(i)(g)	161	58	-	-
	a(i)(c)	4	5	-	-
Rent and Power Cost received	a(i)(b)	7	0	6	-
Rent and Power Cost received	a(i)(f)	0	-	0	-
Rent and Power Cost received	a(i)(g)	4	-	0	-
Rent and Power Cost paid	a(i)(a)	0	(0)	0	-
Rent and Power Cost paid	a(ii)(b)	2	(0)	2	-
Security Deposits	a(i)(a)	-	0	-	0

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Nature of Transaction	Type of relation	2019-20		2018-19	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Loans Given	a(i)(h)	53	125	72	107
Loans Received	a(i)(h)	50		40	-
Travel & Other expenditure incurred	a(ii)(a)	37	11	25	6
	a(ii)(b)	5	-	3	-
Dividend Paid	a(ii)(a)	147	-	164	-
	a(ii)(b)	175	-	194	-
	a(i)(h)	1	-	1	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	0	0	0	-
Contribution towards CSR Activities	a(iii)	102	-	93	-
Donation	a(iii)	5	-	4	-

c) **Terms and conditions of transactions with related parties**

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36. DISCLOSURES REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

	March 31, 2020		March 31, 2019	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	56	-	48	-
Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	277	1	53	1
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-	-
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	-	-	-	-

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

37. FINANCIAL INSTRUMENTS

1. Financial instruments – Fair values and risk management

A. Financial instruments by category

	Note	March 31, 2020			March 31, 2019		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets							
Non-current Assets*							
Loans	7(c)	-	-	56	-	-	97
Derivative financial instruments	7(g)	-	-	-	-	90	-
Other financial asset	7(g)	-	-	30	-	-	28
Current Assets							
Investments	7(b)	-	-	-	1,119	-	-
Trade receivables	7(d)	-	-	5,483	-	-	6,618
Cash and cash equivalents	7(e)	-	-	1,077	-	-	587
Bank balance other than cash and cash equivalents	7(f)	-	-	25	-	-	244
Loans and advances	7(c)	-	-	157	-	-	109
Derivative financial instruments	7(g)	-	-	-	-	120	-
Other financial assets	7(g)	-	-	185	-	-	99
TOTAL		**-**	**-**	**7,013**	**1,119**	**210**	**7,782**
Financial Liabilities							
Non-current Liabilities							
Borrowings	14(a)	-	-	3,994	-	-	99
Derivative Financial Instrument	14(d)	-	258	-	-	-	-
Other financial liabilities	14(d)	-	-	491	-	-	190
Current Liabilities							
Borrowings	14(b)	-	-	1,083	-	-	-
Trade payables	14(c)	-	-	5,538	-	-	5,141
Derivatives	14(d)	-	508	-	-	-	-
Other financial liabilities	14(d)	-	-	2,206	-	-	2,414
TOTAL		**-**	**766**	**13,312**	**-**	**-**	**7,844**

* Excluding Investment in subsidiaries measured at cost in accordance with Ind AS 27

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Note	March 31, 2020			March 31, 2019		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:-							
Investment in mutual funds	7(b)	-	-	-	1,119	-	-
Derivative financial instruments	7(g)	-	-	-	-	210	-
TOTAL		-	-	-	**1,119**	**210**	-
Financial Liabilities: -							
Derivative financial instruments	14(c)	-	766	-	-	-	-
TOTAL		-	**766**	-	-	-	-

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	Note	March 31, 2020			March 31, 2019		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	51	-	-	46
Loans and advances to related parties (PII ESOP Trust)	7(c)	-	-	112	-	-	107
TOTAL		**-**	**-**	**163**	**-**	**-**	**153**
Financial liabilities							
Security deposits from contractors	14(d)	-	-	3	-	-	4
TOTAL		**-**	**-**	**3**	**-**	**-**	**4**

The fair value of cash and cash equivalents, bank balances other than Cash and cash equivalents, trade receivables, short term loans, contract assets, current financial assets, trade payables, current financial liabilities and borrowings approximate their carrying amount, largely due to the short-term nature of these instruments. Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value. Fair value for security deposits (other than perpetual security deposits) has been presented in the above table. Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.

Fair value hierarchy

The table shown above analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1 - This includes financial instruments measured using quoted prices. The mutual funds are valued using closing net assets value (NAV).

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1, level 2 and level 3 during the year.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

The fair values for security deposits (assets & liabilities) were calculated based on present values of cash flows and the discount rates used were adjusted for counterparty or own credit risk. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit.

38. FINANCIAL RISK MANAGEMENT

Risk management framework

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has the overall responsibility for the management of these risks and is supported by Management Advisory Committee that advises on the appropriate financial risk governance framework. The Company has risk management policies and systems in place which are reviewed regularly to reflect changes in market conditions and price risk along with the Company's activities. The Company's audit committee oversees how management monitors compliance with the financial risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risks faced by the Company.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and impact of hedge accounting in the financial statements.

I. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises from the operating activities primarily (trade receivables) and from its financing activities including cash and cash equivalents, deposits with banks, derivatives and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure and is as follows:

Trade and other receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company has established a credit policy under which each customer is analyzed individually for creditworthiness before the Company's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority. There is one customer having revenue of ₹ 12,353 (March 31, 2019 ₹ 9,551) including an amount of ₹ 7,039 and ₹ 5,314 (March 31, 2019 ₹ 7,053 and ₹ 1,578) arising from shipments to United States of America and Japan respectively.

The concentration of credit risk is limited in domestic market due to the fact that the customer base is large and unrelated. The Company's exports are mainly carried out in countries which have stable economic conditions, where the concentration is relatively higher, however the credit risk is low as the customers have good credit ratings.

The Company computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Company uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward-looking information like limited impact of COVID – 19 on domestic trade receivable engaged in exempted areas of agricultural activities.

The following table provides information about the exposure to credit risk and expected credit loss:

Reconciliation of loss allowance provision – Trade receivables and Interest and Other charges recoverable from customer

	March 31, 2020	March 31, 2019
Opening balance	442	273
Changes in loss allowance	87	169
Closing balance	**529**	**442**

Cash and cash equivalents, deposits with banks, mutual funds and other financial instruments

Credit risk from balances with banks and other financial instruments is managed by Company in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management and may be updated throughout the year. Company also invests in mutual funds based on the credit ratings, these are reviewed for safety, liquidity and yield on regular basis.

Impairment on cash and cash equivalents, deposits and other financial instruments has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of counterparties.

Based on the assessment there is no impairment in the above financial assets.

Derivatives

The derivatives are entered with banks and financial institution counterparties which have low credit risk based on external credit ratings of counterparties.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 was as follows:

	March 31, 2020	March 31, 2019
Trade receivables	5,483	6,618
Cash and cash equivalents	1,077	587
Bank balances other than above	25	244
Investments	-	1,119
Loans	213	206
Other financial assets	215	337
TOTAL	**7,013**	**9,111**

II. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of underlying businesses, the Company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecast of Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company does not anticipate material impact on future cash flows as agricultural activities are exempted from COVID -19 related travel restrictions. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2020	March 31, 2019
Expiring within one year		
- Fund based (Floating rate)	3,983	1,999
- Non fund based (Fixed rate)	551	1,164

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

March 31, 2020	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	4,128	108	219	1,361	2,440	-
Interest Accrued but not due on Borrowings	12	12	-	-	-	-
Interest payment on Term Loan	691	47	193	234	217	-
Short Term Loans from Banks	1,083	1,083	-	-	-	-
Trade Payables (Due to micro and small enterprises)	56	56	-	-	-	-
Trade Payables (Other Trade Payables)	5,482	5,482	-	-	-	-
Employee payables	640	229	411	-	-	-
Security Deposits from Dealers	195	-	-	-	-	195
Security Deposits from Contractors	3	3	-	-	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	502	502	-	-	-	-
Deferred Lease Liability	459	67	97	112	153	30
Other Payable	782	421	361	-	-	-
TOTAL	**14,040**	**8,017**	**1,281**	**1,707**	**2,810**	**225**

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

March 31, 2019	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	492	99	294	99	-	-
Interest Accrued but not due on Borrowings	2	2	-	-	-	-
Trade Payables (Due to micro and small enterprises)	48	48	-	-	-	-
Trade Payables (Other Trade Payables)	5,093	4,812	281	-	-	-
Employee payables	523	180	343	-	-	-
Security Deposits from Dealers	189	-	-	-	-	189
Security Deposits from Contractors	4	1	2	1	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	371	371	-	-	-	-
Other Payable	1,115	282	833	-	-	-
TOTAL	**7,844**	**5,802**	**1,753**	**100**	**-**	**189**

III. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign Currency risk

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US$ and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The Company uses forward exchange contracts to hedge its currency risk and are used exclusively for hedging purposes and not for trading and speculative purposes. These forward exchange contracts, carried at fair value, may have varied maturities depending upon the primary host contract requirement and risk management strategy of the Company. The objective of the hedges is to minimize the volatility of the ₹ cash flows of highly probable forecast transactions.

The Company’s risk management policy is to hedge around 50% to 100% for first year and balance up to 70% of the net exposure with forward exchange contracts. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term requirements. Hedging decisions are based on rolling forex cash flow statement prepared and reviewed on a monthly basis. Such contracts are designated as cash flow hedges.

The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales transaction; therefore, the hedge ratio is 1:1. The Company's hedge policy allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective assessments to ensure that an economic relationship exists between the hedged item and the hedged instrument. The Company enters into hedge instruments where the critical terms of hedging instrument are aligned with terms of the hedged item.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the value of the hedging instruments exceeds on an absolute basis the change in the value of the hedged item attributable to the hedged risk. Hedge ineffectiveness may arise due to the following:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets change from what was originally estimated), or

- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 expressed in Indian Rupees (₹) are as below:

Non derivative

Particulars	March 31, 2020					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	9	-	-	-	-	-
Trade receivables	3,826	59	15		-	-
	3,835	**59**	**15**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	2,363	-	-	-	-	-
Trade payables	3,188	71	-	1	1	-
	5,551	**71**	**-**	**1**	**1**	**-**

Particulars	March 31, 2019					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	60	-	-	-	-	-
Trade receivables	3,180	146	-	-	-	-
	3,240	**146**	**-**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	494	-	-	-	-	-
Trade payables	1,396	18	12	0	0	0
	1,890	**18**	**12**	**0**	**0**	**0**

The following significant exchange rates have been applied during the year.

	Year-end spot rate (₹)	
	March 31, 2020	March 31, 2019
USD	75.67	69.16
EUR	82.77	77.67
JPY (100)	69.63	62.42
GBP	93.50	90.53
CHF	78.29	69.43
AUD	46.08	49.02

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, interest rates, remain constant and ignores any impact of forecast sales and purchases. Impact of hedging, if any has not been considered here. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
March 31, 2020				
5% movement				
USD	(56)	56	-	-
EUR	(0)	0	-	-
JPY (100)	49	(49)	-	-
GBP	(0)	0	-	-
TOTAL	**(7)**	**7**	**-**	**-**

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
March 31, 2019				
1% movement				
USD	9	(9)	-	-
EUR	1	(1)	-	-
JPY (100)	(2)	2	-	-
GBP	(0)	0	-	-
TOTAL	**8**	**(8)**	**-**	**-**

Interest rate risk

The Company's main interest rate risk arises from long term foreign currency and working capital borrowings at variable rates. Company's investments are primarily in fixed deposits which are short term in nature and do not expose it to interest rate risk. The Company regularly evaluates the interest rate hedging requirement to align with interest rate views and defined risk appetite, in order to ensure most cost-effective interest rate risk management.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	March 31, 2020	March 31, 2019
Fixed-rate instruments		
Financial assets	742	731
Financial Liabilities	1740	-
Variable-rate instruments		
Financial liabilities	3,434	492
TOTAL	**5,916**	**1,223**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 bp in interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, foreign currency exchange rates, remain constant.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Profit or loss		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2020				
Variable-rate instruments	(11.17)	11.17	-	-
Cash flow sensitivity (net)	(11.17)	11.17	-	-
March 31, 2019				
Variable-rate instruments	(1.61)	1.61	-	-
Cash flow sensitivity (net)	(1.61)	1.61	-	-

IV. Price risk

The Company's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Company reviews these mutual fund investments based on safety, liquidity and yield on regular basis. There were no investments in Mutual funds as at March 31, 2020.

V. Impact of Hedging activities

(a). Disclosure of hedge accounting on financial position

March 31, 2020						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹)**	**Carrying value of hedging instrument ** (₹)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	217	17,758	765	Apr-2020 to Sep-2023	1:1	US$1: ₹ 75.89
March 31, 2019						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹)**	**Carrying value of hedging instrument * (₹)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	150	11,637	210	April 2019 - Dec 2021	1:1	US$1: ₹ 69.16

* Refer Note No. 7(g)

** Refer Note No. 14(d)

(b). Disclosure of effects of hedge accounting on financial performance

March 31, 2020				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and (loss)**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	(779)	-	62	Revenue
March 31, 2019				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and (loss)**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	(145)	-	(265)	Revenue

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

(c). Movement in the cash flow hedge reserve

Effective portion of Cash flow Hedges	Amount
As at April 01, 2018	**49**
Add: Effective portion of gains/(losses) on cash flow hedges	(145)
Less: Amount reclassified to profit and loss account	(265)
Less: Deferred tax relating to above	42
As at March 31, 2019	**127**
Add: Effective portion of gains/(losses) on cash flow hedges	(779)
Less: Amount reclassified to profit and loss account	62
Less: Deferred tax relating to above	(294)
As at March 31, 2020	**(420)**

(d). Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
March 31, 2020				
5% movement				
USD	-	-	578	(578)
March 31, 2019				
1% movement				
USD	-	-	76	(76)

39. CAPITAL MANAGEMENT

The Company’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company's Capital management is to maximise shareholder's value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions.

The Company manages capital using gearing ratio, which is total debt divided by total equity. The gearing ratio at the end of the reporting period was as follows:

		As at March 31, 2020	As at March 31, 2019
Borrowings (Non-current)		3,994	99
Borrowings (Current)		1,180	393
Total Debt	A	5,174	492
Total Equity	B	25,911	22,747
Debt to Equity ratio	A/B	0.20	0.02

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

Also, refer note 13 relating to details on dividend declared and distributed and note 14(a)(d) for details of applicable loan covenants.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

40. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment		
First charge	6,169	1,805
Second charge	11,707	6,378
Floating charge on Other Assets	16,620	16,875
TOTAL	**34,496**	**25,058**

41. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IND AS 116 Leases on the Company's financial statements.

The company has adopted IND AS 116 Leases retrospectively from 1 April 2019 with the cumulative effect of initially applying the standard recognised at the date of initial application but has not restated comparatives for the 2018 reporting period. The company has measured right-of-use asset at an amount equal to the lease liability, adjusted by the amounts of prepaid lease payments relating to lease recognised in the balance sheet immediately before the date of initial application.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

The measurement principles of Ind AS 116 are only applied after that date.

(i) Practical Expedient Applied: In applying Ind AS 116 for the first time, the company has used the following practical

expedients permitted by the standard:

- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- Excluding all lease having underlying asset having value less than INR 0.25 for lease accounting as low value assets.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

The company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying Ind AS 17 and Interpretation for Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

On adoption of Ind AS 116, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 10% p.a.

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	328
Discounted using the lessee's incremental borrowing rate of at the date of initial Application	**457**
Add: finance lease liabilities recognised as at 31 March 2019	0
(Less): short-term leases not recognised as a liability	(17)
(Less): low-value leases not recognised as a liability	(25)
Add/(less): adjustments as a result of a different treatment of extension and termination options	(3)
Lease liability recognised as at 1 April 2019 Of which are:	**412**
Current lease liabilities	119
Non-current lease liabilities	293

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

(iii) Measurement of Right-of-Use assets

The associated right-of-use assets for offices, warehouses, IT equipment and vehicles assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at April 1, 2019.

(iv) Amount recognised in the balance sheet related to leases:

Particulars	Balance as at March 31, 2019	Change on adoption of IND AS 116	Balance as at April 1, 2019
Property, Plant and equipment: Right of use assets	-	420	420
Other Assets: Prepaid rent	8	0	8
Other Financial liabilities: Lease Liability	-	412	412
Retained Earnings	22,609	-	22,609
Deferred Tax Asset	127	-	127

(v) Amount Recognized in the statement of Profit or loss relating to leases

Particulars	Year ended 31st March, 2020 before adopting IND AS 116	Changes due to IND AS 116 increase/ (decrease)	Year ended 31st March, 2020 as reported
Other Expenses	5,039	(189)	4,850
Finance Cost	135	45	180
Depreciation and amortisation expense	1,155	177	1,332
Profit before tax [(increase)/ decrease]	**5,977**	**33**	**5,944**

(VI) The balance sheet shows the following amounts relating to leases:

Particulars	March 31, 2020
Right of Use Asset:	
Buildings	215
Office Equipment	14
Vehicles	190
Leasehold Land	340
Total	**759**
Lease Liabilities	
Current	164
Non-Current	295
Total	**459**

Addition of Right-of-use Asset during the 2019-20 financial year was ₹ 184.

Notes to Financial Statements

for the year ended March 31, 2020

(All amount in ₹ million, unless otherwise stated)

42. Consequent to the nationwide lockdown announced on 24th March 2020, Company's operations were disrupted at R&D facilities at Udaipur, manufacturing facilities at Gujarat and sales depots across the country. This resulted in deferment of Company's domestic and export revenues for the month of March 2020 to the next quarter. The Company has since been able to resume operations at its various sites from the beginning of April in a gradual manner and management believes that being into an essential commodity, there is no significant impact of COVID-19 pandemic on the current and future business condition of the Company, financial statements liquidity position and cash flow and has concluded that no material adjustments are required in the financial statements. Management will continue to closely monitor the situation.

43. EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on June 4, 2020 have recommended final dividend for the year ended March 31, 2020 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 13(B) for details.

This is the notes to the financial statements referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Independent Auditor's Report

To the Members of **PI Industries Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of PI Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), controlled trust, its associate and joint venture entity (refer note 3(t)) to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, controlled trust, its associate and joint venture entity as at March 31, 2020 of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, controlled trust, its associate and joint venture entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to note 45 of the consolidated financial statements, which describes the management's assessment of the financial impact of the events arising out of Coronavirus (Covid-19) virus pandemic, for which a definitive assessment of the impact in the subsequent period is dependent upon the circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Investment made in Isagro (Asia) Agrochemicals Private Limited - Allocation of purchase price and determination of goodwill in the Consolidated Financial Statements (Refer to Note 44 in the Consolidated financial statements) The Company acquired 100% of the equity shares of Isagro (Asia) Agrochemicals Private Limited from Isagro S.p.a., Italy on December 27, 2019. The purchase consideration of INR 4432 MN was arrived at based on an independent valuation and subsequent negotiations / agreement thereon. For the consolidated financial statements, the company obtained independent valuation to arrive at the fair value of the net assets acquired / identified and recognised goodwill for the excess of the aforesaid purchase consideration over the identified net assets. The Company has reviewed the carrying values of the above goodwill on the balance sheet date and concluded on their appropriateness. We have considered this to be a key audit matter as the goodwill are material and the valuation based on which their carrying amounts were concluded as appropriate required significant management judgement, inputs, assumptions and estimates.	Our audit procedures included the following: • Understanding the design and testing the operating effectiveness of management controls around acquiring the aforesaid assessment of carrying values of the said goodwill in the consolidated financial statements. • Reviewing minutes of the meeting of the board of directors / audit committee, share purchase agreement, testing payments made and ensuring compliances with the relevant provision of the Companies Act 2013. • Reading the independent valuation report and understanding and evaluating, the projections thereon and the fair valuation of net assets acquired thereon by testing key inputs and assumptions made in the valuations, projections and performing sensitivity analysis. • Involving auditor's expert to review the key assumptions in the valuation, the basis of purchase price allocation, the fair valuation of the net assets acquired / identified, goodwill impairment model. • Checking the adequacy and appropriateness of the disclosures made in the financial statements. Based on our procedures performed above, the management's assessment of carrying value of the goodwill was appropriate.

Key audit matter	How our audit addressed the key audit matter
Estimation of provision for sales returns and discounts and volume rebates on sales impacting revenue on sale of products (Refer note 20 to the Consolidated financial statements) Revenue from sale of products is presented net of returns, discounts and volume rebates in the financial statements. The management determines provision for sales returns, discounts and rebates on the basis of various factors such as the current and expected business environment, sales returns variability and expected achievement of targets against various ongoing schemes floated. We have considered this to be a key audit matter in view of it having significant impact on the recognised revenue and the involvement of management judgment in estimating the amounts at which these are expected to be settled.	Our audit procedures included: Understanding the policies and procedures related to sales returns, discounts and volume rebates and evaluating the design and testing the operating effectiveness of related controls related to these estimates. Checking management's calculations for the estimates and assessing the reasonableness of assumptions used by the management in arriving at the amount of provisions. Assessing the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, performing ratio analysis of discounts, volume rebates and sales returns as a percentage of sale of the current year and comparing the same with those in prior years. Testing on a sample basis, credit notes issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts. Based on the above procedures performed, the estimates made by the management in respect of provision for sales returns and discounts and rebates on sales were considered to be reasonable.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, but does not include the consolidated financial statements and our auditor's report thereon.

7. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 17 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including controlled trust, its Associate and Joint venture entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for assessing the ability of the Group, controlled trust and of its associate and joint venture entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Group, controlled trust and of its associate and joint venture entity are responsible for overseeing the financial reporting process of the Group, controlled trust and of its associate and joint venture entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, controlled trust and its associate and joint venture entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, controlled trust and its associate and joint venture entity to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, controlled trust and its associate and joint venture entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. We did not audit the financial statements of four subsidiaries, and one controlled trust whose financial statements reflect total

assets of INR 4,456 MN and net assets of INR 3,403 MN as at March 31, 2020, total revenue of INR 641 Mn, total comprehensive income (comprising of profit and other comprehensive income) of INR 153 Mn and net cash flows amounting to INR 136 MN for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of INR 0.3 MN and INR. 7.5 MN for the year ended March 31, 2020 as considered in the consolidated financial statements, in respect of one associate company and one joint venture respectively, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, controlled trust, joint venture and associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information in so far as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on the reports of the other auditors.

18. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of INR 30 Mn and net assets of INR 22 MN as at March 31, 2020, total revenue of INR 58 MN, total comprehensive income (comprising of profit and other comprehensive income) of INR 3 MN and net cash flows amounting to INR 4 MN for the year ended on that date, as considered in the consolidated financial statements. whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate company and joint venture company incorporated in India, none of the directors of the Group company, its associate company and joint venture company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

With respect to the adequacy of internal financial controls with reference to financial statements of an associate and a joint venture entity incorporated in India and the operating effectiveness of such controls, reporting under clause (i) of sub section 3 of Section 143 of the Act is not applicable vide the reports dated May 13, 2020 and May 12, 2020 of their respective statutory auditors.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, controlled trust, its associate and joint venture entity, refer note 16 and 34 to the consolidated financial statements.

ii. The Group, controlled trust, its associate and joint venture had long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and

Protection Fund by the Holding Company and its subsidiary companies, controlled trust, associate company and joint venture company incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

20. The Holding Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act and for three subsidiaries based on the reports dated May 18, 2020, May 15, 2020 and May 16, 2020 of their statutory auditors no managerial remuneration has been paid. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the one subsidiary, controlled trust, its associate and joint venture vide the reports dated May 22, 2020, May 13, 2020 and May 12, 2020 of their respective statutory auditors and one subsidiary incorporated outside India.

For **Price Waterhouse Chartered Accountants LLP**
Firm Reg. No. 012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084
UDIN:20057084AAAABS4955

Place: Gurugram
Date: June 4, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 19 (f) of the Independent Auditors' Report of even date to the members of PI Industries Limited on the consolidated financial statements for the year ended March 31, 2020.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of PI Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to an associate and a joint controlled entity incorporated in India namely Solinnos Agro Sciences Private Limited and PI Kumiai Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017 and controlled trust.

Management's Responsibility for Internal Financial Controls with reference to financial statements

2. The respective Board of Directors of the Holding company, its subsidiary companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to

future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (Refer paragraph 4 on emphasis of matter of main audit report)

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Reg. No. 012754N/N500016
Chartered Accountants

Sd/-
Sougata Mukherjee
Partner
Membership Number 057084

Place: Gurugram
Date: June 4, 2020

Consolidated Balance Sheet

AS AT MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	17,338	11,791
Capital work-in-progress		2,371	1,544
Goodwill		828	-
Other intangible assets	5	409	66
Intangible asset under development	6	336	284
Investments accounted for using the equity method	9	109	102
Financial assets			
(i) Investments	7(a)	70	70
(ii) Loans	7(c)	61	41
(iii) Other financial assets	7(g)	82	149
Deferred tax assets	17	-	141
Other non-current assets	10	411	451
Total non-current assets		**22,015**	**14,639**
Current assets			
Inventories	8	7,989	5,357
Financial assets			
(i) Investments	7(b)	1,325	1,119
(ii) Trade receivables	7(d)	6,465	6,618
(iii) Cash and cash equivalents	7(e)	1,244	614
(iv) Bank balances other than (iii) above	7(f)	98	278
(v) Loans	7(c)	83	63
(vi) Other financial assets	7(g)	313	254
Contract assets	7(h)	1,022	520
Current tax assets	11	146	-
Other current assets	10	1,548	2,086
Total current assets		**20,233**	**16,909**
Total assets		**42,248**	**31,548**
EQUITY & LIABILITIES			
Equity			
Equity share capital	12	138	138
Other equity	13	26,053	22,716
Total equity		**26,191**	**22,854**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	15(a)	3,994	99
(ii) Other financial liabilities	15(d)	832	190
Provisions	16	124	290
Deferred tax liabilities (Net)	17	102	-
Total non current liabilities		**5,052**	**579**
Current Liabilities			
Financial liabilities			
(i) Borrowings		1,083	-
(ii) Trade payables	15(c)		
a) total outstanding dues of micro enterprises and small enterprises		83	48
b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,826	5,082
(iii) Other financial liabilities	15(d)	2,970	2,419
Provisions	16	424	126
Other current liabilities	18	575	435
Current tax liabilities	19	44	5
Total current liabilities		**11,005**	**8,115**
Total liabilities		**16,057**	**8,694**
Total equity and liabilities		**42,248**	**31,548**
Notes to accounts	1 to 46		

The accompanying notes referred to above formed the integral part of the financial statement

This is the Consolidated Balance Sheet referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Consolidated Profit & Loss

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Revenue from operations	20	33,665	28,409
Other income	21	489	595
Total income		**34,154**	**29,004**
Expenses:			
Cost of materials consumed		16,877	13,728
Purchase of stock in trade		1,619	1,274
Changes in inventories of finished goods, work in progress and stock in trade		(22)	500
Employee benefit expense	22	3,209	2,647
Finance cost	26	170	50
Depreciation and amortisation expense	25	1,367	930
Other expense	23	4,804	4,496
Total expenses		**28,024**	**23,625**
Share of profit and (loss) of associates & joint venture accounted for using the equity method		**8**	**0**
Profit before tax		**6,138**	**5,379**
Income tax expense	27		
Current tax		(1,259)	(1,176)
Deferred tax		(313)	(101)
Total tax expense		**(1,572)**	**(1,277)**
Profit for the year		**4,566**	**4,102**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		(19)	(2)
Income tax relating to the above item		8	1
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		(840)	120
Exchange difference on translation of foreign operations		2	0
Income tax relating to the above item		293	(42)
Total comprehensive income for the year		**4,010**	**4,179**
Earnings per equity share	29		
1) Basic (in ₹)		33.08	29.74
2) Diluted (in ₹)		33.08	29.73
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 46		

The accompanying notes referred to above formed the integral part of the financial statement

This is the Consolidated Statement of Profit and Loss referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Changes in Consolidated Equity

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

a. Equity share capital

Particulars	Notes	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	12	13,80,30,651	138	13,79,07,318	138
Changes in equity share capital during the period		77,342	0	123,333	0
Balance at the end of the reporting period		**13,81,07,993**	**138**	**13,80,30,651**	**138**

b. Other equity

Particulars	Notes	Reserves & Surplus							Other Reserves		Total other equity
		Capital reserve	Capital Redemption reserve	Securities premium reserve	Share option outstanding account	General reserve	Own shares held by Trust under ESOP scheme	Retained earnings	Effective portion of cash flow hedges	Foreign Currency Translation Reserve	
Balance at April 1, 2018		**15**	**4**	**1,984**	**102**	**1,857**	**(0)**	**15,097**	**49**	**2**	**19,109**
Profit for the year		-	-	-	-	-	-	4,102	-	-	4,102
Change in accounting policy- Adjustment of Ind AS 115	13 f.	-	-	-	-	-	-	216	-	-	216
Other comprehensive income	13 i, h	-	-	-	-	-	-	(1)	78	0	77
Total comprehensive income for the year		-	-	-	-	-	-	**4,317**	**78**	**0**	**4,395**
Transactions with owners in their capacity as owners:											
Premium on issue of equity shares through ESOP	13 c.	-	-	116	-	-	-	-	-	-	116
Own shares held by ESOP Trust	12 c.		-	(74)			(0)			-	(74)
Shares issued under ESOP scheme	13 d.	-		29	(42)	-	0	-	-		(13)
Expense on Employee Stock Option Scheme	13 d.	-	-	-	13	-	-	-	-	-	13
Dividends paid	14	-	-	-	-	-	-	(689)	-	-	(689)
Dividend Distribution Tax (DDT)	14	-	-	-	-	-	-	(142)	-	-	(142)
Balance at March 31, 2019		**15**	**4**	**2,055**	**73**	**1,857**	**(0)**	**18,583**	**127**	**2**	**22,716**
Profit for the year		-	-	-	-	-	-	4,566	-	-	4,566
Other comprehensive income	13 i, h	-	-	-	-	-	-	(11)	(547)	2	(556)
Total comprehensive income for the year		-	-	-	-	-	-	**4,555**	**(547)**	**2**	**4,010**
Transactions with owners in their capacity as owners:											
Premium on issue of Equity Shares through ESOP	13 c.	-	-	80	-	-	-	-	-	-	80
Own shares held by ESOP Trust	12 c.	-	-	(53)	-	-	(0)	-	-	-	(53)
Shares issued under ESOP scheme	13 d.	-	-	80	(27)	-	0	-	-	-	53
Expense on Employee Stock Option Scheme	13 d.	-	-	-	(4)	-	-	-	-	-	(4)
Dividends paid	14	-	-	-	-	-	-	(621)	-	-	(621)
Dividend Distribution Tax (DDT)	14	-	-	-	-	-	-	(128)	-	-	(128)
Balance at March 31, 2020		**15**	**4**	**2,162**	**42**	**1,857**	**0**	**22,389**	**(420)**	**4**	**26,053**

This is the Consolidated Statement of Changes in Equity referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Inspired by Science

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Income Tax	6,138	5,379
Adjustments for :-		
Depreciation and amortisation expense	1,367	930
Finance costs	170	50
Provision for Bad and Doubtful debts & Advances	122	179
Interest Income on Financial Assets at amortised cost	(175)	(194)
Unwinding of discount on Security Deposits	(3)	(10)
Expense on Employee Stock Option Scheme	(4)	13
(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	(9)	13
(Gain)/Loss on sale of Investments (Net)	(19)	(198)
(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	7	89
Share of (profit)/loss of associate and joint venture	(8)	(0)
Impact of Ind AS 115 adjustment taken to retained earnings	-	216
Unrealised (Gain)/Loss on foreign currency transactions (Net)	188	127
Operating Profit before Working Capital changes	**7,774**	**6,594**
(Increase) / Decrease in Trade Receivables	1,267	(1,493)
(Increase) / Decrease in Current financial assets - Loans	(1)	(17)
(Increase) / Decrease in Current Contract Assets	(502)	(520)
(Increase) / Decrease in Non-current financial assets - Loans	4	(2)
(Increase) / Decrease in Other current financial assets	(177)	(44)
(Increase) / Decrease in Other non-current financial assets	88	(82)
(Increase) / Decrease in Other current assets	771	(433)
(Increase) / Decrease in Other non-current assets	7	(3)
(Increase) / Decrease in other bank balances	1	10
(Increase)/Decrease in Inventories	(1,850)	(837)
Increase / (Decrease) in Current Provisions and Trade Payables	319	1,498
Increase / (Decrease) in Non-current Provisions	(180)	57
Increase / (Decrease) in Other current financial liabilities	96	119
Increase / (Decrease) in Other non-current financial liabilities	294	7
Increase / (Decrease) in Other current liabilities	118	237
Cash generated from Operations before tax	**8,029**	**5,091**
Income Taxes paid (Includes TDS)	(1,048)	(1,183)
Net cash inflow (outflow) from Operating Activities	**6,981**	**3,908**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(6,743)	(3,685)
Proceeds from sale of property, plant & equipment	48	8
Consideration paid for acquisition of subsidiary, net of cash acquired	(4,345)	-
Purchase of Equity Investment	-	(65)
Investments in associates and joint venture	-	(95)
Purchase and Sale of Current Investments	1,014	427
Interest Received	175	194
Dividend Received	0	0
Net cash used in Investing Activities	**(9,851)**	**(3,216)**
Net cash inflow (outflow) from Operating and Investing Activities	**(2,870)**	**692**

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	0	0
Premium on issue of equity shares under ESOP scheme	80	29
Short Term Borrowings (Net)	1,083	-
Principal elements of Deferred lease payments	(215)	-
Borrowings -Term Loan- Repayments	(407)	-
Borrowings - Term Loan- Taken	3,886	(399)
Interest paid	(179)	(50)
Dividends paid (including Tax)	(748)	(831)
Net Cash inflow (outflow) from Financing Activities	**3,500**	**(1,251)**
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	**630**	**(559)**
Effect of exchange differences on translation of foreign currency Cash & Cash equivalents	(0)	(0)
Net increase (decrease) in Cash & Cash equivalents	**630**	**(559)**
Opening balance of Cash & Cash equivalents	**614**	**1,173**
Closing balance of Cash & Cash equivalents	**1,244**	**614**
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 7(e)):-		
i) Cash on Hand	0	1
ii) Balance with Banks :		
- In Current Accounts	600	150
- In Fixed Deposits	644	463
Total	**1,244**	**614**

The above Cash Flow Statement has been prepared under the Indirect method as set out in IND AS - 7.
Figures in brackets indicate cash outflows.

This is the Consolidated Statement of Cash Flow referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

1. Corporate Information

PI Industries Limited (“PI” or “the Company”) is a public limited company domiciled in India and has its registered office at Udaipur. The shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange.

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as "the Group") and the Group's interest in an associate and a joint venture entity. PI is a leading player in the agchem space having strong presence in both Domestic and Export markets. It has state-of-art facilities in Gujarat having integrated process development teams with in-house engineering capabilities. The Group maintains a strong research presence through its R&D facility at Udaipur. The principal activities of the subsidiaries are Research and Development, Market research and Investment.

2. Basis of preparation

The Group has consistently applied the following accounting policies to all periods presented in the consolidated financial statements unless otherwise stated.

a) Statement of compliance

These consolidated financial statements have been prepared in all material aspects, in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (‘Ind AS’) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (‘the Act’) and other relevant provisions of the Act to the extent applicable.

These consolidated financial statements were authorised for issue by the Board of Directors on June 4, 2020.

b) Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent considerations are measured at fair value;
- Defined benefit plan assets measured at fair value;
- Share-based payments measured at fair value.

c) New and Amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- IND AS 116, Leases (refer note (p) below)
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes

The group had to change its accounting policies and make certain adjustments following the adoption of IND AS 116. This is disclosed in note 43. The other amendments did not have any impact on the amount recognized in prior periods and are not expected to significantly affect current or future periods.

d) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (“the functional currency”). The consolidated financial statements are presented in Indian National Rupee (‘₹’), which is the Group’s functional and presentation currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated. The sign ‘0’ in these consolidated financial statements indicates that the amounts involved are below ₹ five lacs and the sign ‘-’ indicates that amounts are nil.

e) Current or Non current classification

All Assets and Liabilities have been classified as current or non-current as per the Group’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services provided and time between the rendering of services and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

f) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent liabilities and contingent assets at the date of consolidated financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Application of accounting policies that require critical accounting estimates and assumption judgements having the most significant effect on the amounts recognised in the consolidated financial statements are:

- Measurement of defined benefit obligations;
- Recognition of deferred tax assets & minimum alternative tax credit entitlement;
- Useful life and residual value of Property, plant and equipment and intangible assets;
- Impairment test of financial and non-financial assets including recoverability of expenditure on internally-generated intangible assets;
- Measurement of fair value for share based payments;
- Recognition and measurement of provisions and contingencies.

g) The Group recognises revenue over the period of time for contracts wherein the Group's performance for the products does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

completed till date. Management has determined that it is highly probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. Accordingly, revenue is recognised for these contracts based on Input method wherein amount of revenue to be recognised is determined based on the actual cost incurred till date and the estimated margin on the contract.

The Group also recognises provision for discounts and sales returns based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

3. Significant Accounting Policies

a) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs relating to acquisition of qualifying fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing part of an item of property, plant and equipment or major inspections performed, are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of all other repairs and maintenance are recognized in the Statement of Profit & Loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values, and is recognised in the statement of profit and loss. Depreciation on property, plant and equipment is provided on the Straight Line Method based on the useful life of assets estimated by the Management which coincide with the life specified under Schedule II of the Companies Act, 2013, which are as follows:

- Buildings including factory buildings and Roads	3 - 60 years
- General Plant and Equipment	15 years
- Electrical Installations and Equipments	10 years
- Furniture and Fixtures	10 years
- Office Equipments	5 years
- Vehicles	8 - 10 years
- Supply Agreement	5 years
- Computer and Data Processing Units	3 - 6 years
- Laboratory Equipments	10 years

The Group has estimated the useful lives different from the lives prescribed in schedule II of Companies Act, 2013, in the following cases:

- Plant and Equipment (Continuous Process Plant)	15 years
- Special Plant and Equipment (used in manufacture of chemicals)	15 years

Leasehold land is being amortised over the lease period and Cost of improvement on leasehold building is being amortised over the lease period or useful life, whichever is shorter.

Based on assessment made by technical experts, the Management believes that the useful lives as given above best represent the period over which it expects to use these assets.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any,

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

are accounted for prospectively. Depreciation on additions to or on disposal of assets is calculated on pro-rata basis i.e. from (up to) the date on which the property, plant and equipment is available for use (disposed of).

b) Intangible assets

i) Recognition and measurement

Intangible assets acquired separately

Intangible assets that are acquired by the Group are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets - Research and development

Research costs are expensed as incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Subsequent to initial recognition, the assets are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

Internally generated Intangible assets which are not yet available for use are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in profit or loss.

An item of intangible asset is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of intangible assets is recognised in profit or loss.

ii) Transition to Ind AS

On transition to Ind AS, Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iii) Amortisation

Amortisation is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use.

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

c) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash flows are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ('CGUs').

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

d) Financial instruments

i) Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

ii) Subsequent measurement

i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognised or impaired, the gain or loss is recognised in the statement of profit and loss.

ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss and recognised in other income.

Equity instruments are subsequently measured at fair value. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis. Fair value gains and losses recognised in OCI are not reclassified to profit and loss.

iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. Except trade receivables, expected credit losses are measured at an amount equal to the 12-month Expected Credit Loss (ECL), unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

With regard to trade receivable, the Group applies the simplified approach (Refer Note No. 40(I)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

iv) Derecognition

Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

v) Reclassification of Financial Assets and Financial Liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model.

vi) Derivative financial instruments

The Group is exposed to exchange rate risk which arises from its foreign exchange revenues. The Group uses foreign exchange forward contracts (derivative financial instruments), to hedge foreign currency risk associated with highly probable forecasted transactions and classifies them as cash flow hedges.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

is recorded in the Group's hedging reserve as a component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group makes an assessment, on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For cash flow hedges to be "highly effective", a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income/ (loss), remains there until the forecast transaction occurs If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognized immediately in the statement of profit and loss.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values for measurement and/ or disclosure purposes are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1- This includes financial instruments measured using quoted prices.

Level 2- The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

f) Inventories

Inventories (including Stock-in-transit) of Finished Goods, Stock in Trade, Work in progress, Raw Materials, Packing Materials and Stores & Spares are stated at lower of cost and net realizable value. By-products are measured at estimated realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of Raw Materials, Packing Materials, Stores and Spares, Stock in Trade and other products are determined on weighted average basis and are net of Cenvat/Goods and service tax credit.

Cost of Work in progress and Finished Goods is determined on weighted average basis considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity. Cost of finished goods include excise duty until June 30, 2017.

Obsolete, slow moving and defective inventories are identified as and when required, and where necessary, the same are written off or provision is made for such inventories.

g) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognised but are disclosed in notes to the consolidated financial statements.

Contingent assets are not disclosed in the consolidated financial statements unless an inflow of economic benefits is probable.

h) Revenue Recognition

i) Sale of goods

The Group manufactures and sells a range of products to various customers. Revenue is recognised over the period of time for contracts wherein the Group's performance does not create an asset with alternative use to the Group and the entity has an enforceable right to payment for performance completed till date. For remaining contracts, revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable. Revenue recognised in relation to these contracts in excess of billing is recognised as a Contract Asset. Accumulated experience is used to estimate and provide for the discounts and returns and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognized for expected returns from the customer. Liability (included in other financial liabilities) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

Amounts disclosed as revenue are inclusive of excise duty and net of returns, discounts, volume rebates and net of goods and service tax.

ii) Sale of services

Revenue from sale of services is recognised over the period of time as per the terms of the contract with customers based on the stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably.

iii) Export Incentives

Incentives on exports are recognised in books after due consideration of certainty of utilisation/ receipt of such incentives.

iv) Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition. Interest income is included in other income in the statement of profit and loss.

v) Dividends

Dividend income is recognized when the Group’s right to receive dividend is established, and is included in other income in the statement of profit and loss.

i) Employee Benefits

i) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans in respect of entities incorporated in India

Employees benefits in the form of the Group’s contribution to Provident Fund, Pension Scheme, Superannuation Fund and Employees State Insurance are defined contribution schemes. The Group recognizes contribution payable to these schemes as an expense, when an employee renders the related service.

If the contribution payable exceeds contribution already paid, the deficit payable is recognised as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, The Group recognize that excess as an asset (prepayments) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

iii) Defined benefit plans

Retirement benefits in the form of gratuity are considered as defined benefit plans. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Group provides for its gratuity liability based on actuarial valuation of the gratuity liability as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary. The Group contributes to the gratuity fund, which are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value

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of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv) Other long-term employee benefits

Employee benefits in the form of long term compensated absences are considered as long term employee benefits. The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The liability for long term compensated absences are provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an actuary. In respect of entities incorporated outside India, the Group does not have any material employee benefit obligations.

j) Foreign currency transactions

Initial recognition:

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions.

Conversion:

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange difference:

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

In accordance with Ind-AS 101 'First Time Adoption of Indian Accounting Standards', the Group has continued the policy of capitalisation of exchange differences on foreign currency loans taken before the transition date. Accordingly, exchange differences arising on translation of long term foreign currency monetary items relating to acquisition of depreciable fixed assets taken before the transition date are capitalized and depreciated over the remaining useful life of the asset.

k) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year after taking credit of the benefits available under the Income Tax Act and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

i) Has a legally enforceable right to set off the recognised amounts; and

ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets

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and liabilities for financial reporting purposes and the corresponding tax bases used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

For operations carried out in tax free units, deferred tax assets or liabilities, if any, have been recognised for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset only if:

i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

In respect of entities incorporated in India deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Group will pay normal income tax in future. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

m) Segment Reporting

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Group's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

The Management Advisory Committee of the Group has been identified as the CODM by the Group. Refer Note 35 for Segment disclosure.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o) Cash flow statement

Cash flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Statement of Cash Flows (Ind AS - 7). The cash flows from regular revenue generating, financing and investing activity of the Group are segregated.

p) Leases

The Group leases various offices, warehouses, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years but may have extension and termination options.

Until the 2019 financial year, leases of office & warehouses, IT equipment and vehicles leases were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Till 31 Mar 2019:

At inception of an arrangement, it is determined whether the arrangement is or contains a lease, based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessee under finance lease

Assets held under finance lease are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between the finance expenses and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The finance expenses are recognised in the statement of profit and loss.

Group as lessee under operating lease

Payments made under operating leases are generally recognised in profit or loss on a straight- line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as an integral part of the total lease expense over the term of the lease.

As a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of this underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard

q) Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied and is adjusted to reflect the actual number of share options that vest.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions and the impact of any non-vesting conditions and excluding the impact of any service and non-market performance vesting conditions.

r) Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted Earning per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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t) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	%voting power held as at March 31st, 2020 (March 31, 2019)
PILL Finance & Investment Limited	India	100% (100%)
PI Life Science Research Limited	India	100% (100%)
PI Japan Co. Ltd.	Japan	100% (100%)
Jivagro Ltd.	India	100% (Nil)
Isagro (Asia) Agrochemicals Pvt. Ltd.	India	100% (Nil)

Equity accounted investees

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

The joint venture and associate companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	%voting power held as at March 31st, 2020 (March 31, 2019)
PI Kumiai Private Limited	India	50% (50%)
Solinnos Agro Sciences Private Limited	India	49% (49%)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group 's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign operation

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into ₹, the functional currency of the Group , at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The resulting exchange difference arising on translations are recognised in OCI and accumulated in other Equity, except to the extent that they are allocated to Non Controlling Interest.

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4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Leasehold improvement	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount									
As at beginning of April 01, 2018	201	7	1	2,921	8,589	133	99	2	11,953
Additions	152	45	0	643	1,895	28	22	31	2,816
Disposals/Adjustments	-	-	-	-	(34)	(1)	(0)	(0)	(35)
As at March 31, 2019	**353**	**52**	**1**	**3,564**	**10,450**	**160**	**121**	**33**	**14,734**
Addition relating to acquisition*	236	-	-	252	207	4	2	6	707
Lease - Right of Use	-	-	-	218	-	-	17	190	425
Addition - Right of Use	-	-	-	84	-	-	6	86	176
Additions of Right of Use relating to acquisition*	-	-	-	44	-	-	-	-	44
Additions	-	-	-	1,274	3,922	22	33	313	5,564
Disposals/Adjustments	-	-	-	-	(72)	-	-	(0)	(72)
As at March 31, 2020	**589**	**52**	**1**	**5,436**	**14,507**	**186**	**179**	**628**	**21,578**
Accumulated depreciation									
As at beginning of April 01, 2018	6	-	(0)	244	1,733	23	40	1	2,047
Depreciation charge during the year	3	-	0	123	747	15	19	3	910
Disposals	-	-	-	-	(13)	(1)	(0)	-	(14)
As at March 31, 2019	**9**	**-**	**0**	**367**	**2,467**	**37**	**59**	**4**	**2,943**
Depreciation charge during the year	5	-	0	149	916	18	23	35	1,146
Depreciation on Right of Use	-	-	-	87	-	-	10	87	184
Disposals/Adjustments	-	-	-	-	(33)	-	-	(0)	(33)
As at March 31, 2020	**14**	**-**	**0**	**603**	**3,350**	**55**	**92**	**126**	**4,240**
Net carrying amount									
As at March 31, 2019	**344**	**52**	**1**	**3,197**	**7,983**	**123**	**62**	**29**	**11,791**
As at March 31, 2020	**575**	**52**	**1**	**4,833**	**11,157**	**131**	**87**	**502**	**17,338**

* Fair value as on December 27, 2019

a. Depreciation for the year includes depreciation amounting to ₹ 108 (March 31, 2019 ₹ 100) on assets used for Research & Development. During the year Group incurred ₹ 228 (March 31, 2019 ₹ 50) towards capital expenditure for Research & Development (Refer Note 28).

b. Refer note 33 (a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Refer note 42 for information on property, plant and equipment pledged as security by the Group.

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5. OTHER INTANGIBLE ASSETS

	Computer Software	Product Development	Supply Agreement	Total
Gross carrying amount				
As at beginning of April 01, 2018	105	10	-	115
Additions	15	-	-	15
As at March 31, 2019	**120**	**10**	**-**	**130**
Addition relating to acquisition (Refer note 44)*	3	-	324	327
Additions	34	19		53
As at March 31, 2020	**157**	**29**	**324**	**510**
Accumulated amortisation				
As at beginning of April 01, 2018	**38**	**6**	**-**	**44**
Amortisation charge during the year	18	2	-	20
As at March 31, 2019	**56**	**8**	**-**	**64**
Amortisation charge during the year	20	1	16	37
As at March 31, 2020	**76**	**9**	**16**	**101**
Net Carrying Amount				
As at March 31, 2019	**64**	**2**	**-**	**66**
As at March 31, 2020	**81**	**20**	**308**	**409**

* Fair value as on December 27, 2019

6. INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible Assets under Development
As at beginning of April 01, 2018	208
Additions	76
As at March 31, 2019	**284**
Additions	87
Disposal/Adjustments	(16)
Amount recognised under Intangible assets	(19)
As at March 31, 2020	**336**

The value-in-use of intangible assets under development is higher than the carrying amount.

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7. FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

	Investment in equity instruments (fully paid up)	As at March 31, 2020			As at March 31, 2019		
		Face value (in ₹)	No. of Shares	Amount	Face value (in ₹)	No. of Shares	Amount
1)	**Quoted at FVTPL**						
	a) United Credit Limited	10	700	0	10	700	0
	b) Summit Securities	10	12	0	10	12	0
	c) Akzo Nobel India Limited	10	50	0	10	50	0
	d) BASF India Limited	10	976	1	10	976	1
	e) Sudershan Chemical Industries Limited	1	900	0	1	900	0
	f) Rallis India Limited	1	2,070	1	1	2,070	1
	g) Bayers Crop Science Limited	10	66	0	10	66	0
	h) Punjab Chemicals & Crop Protection Limited	10	248	0	10	248	0
	i) Pfizer Limited (Erstwhile Wyeth Limited)	10	29	0	10	29	0
	j) Sanofi India Limited	10	100	1	10	100	1
	k) L.M.L.Limited	10	150	0	10	150	0
	l) United Sprit Limited	10	940	1	10	940	1
	m) RPG Life Sciences Limited	10	360	0	10	360	0
	n) Voltas Limited	1	100	0	1	100	0
	o) ICICI Bank Limited	2	2,530	1	2	2,530	1
				5			**5**
2)	**Unquoted**						
	a) Sygenta India Limited	10	160	0	10	160	0
	b) Ciba CKD Biochem Limited	10	100	0	10	100	0
	c) Collabo Tech Inc.(in JPY)	2,91,545	343	65	2,91,545	343	65
	Less: Provision for diminution in value of investment			**(0)**			**(0)**
				65			**65**
	TOTAL			**70**			**70**
	Aggregate amount of quoted investments and market value thereof			**5**			**5**
	Aggregate amount of un-quoted investments			**65**			**65**
	Aggregate amount of impairment in the value of investments			**(0)**			**(0)**

7(b) CURRENT INVESTMENTS

	As at March 31, 2020		As at March 31, 2019	
Investment in mutual funds at FVTPL				
Quoted				
a) SBI Short Term Debt Fund - Direct Plan - Growth	609		-	
2,52,39,905 (March 31, 2019 : Nil) Units				
b) SBI Short Term Debt Fund - Direct Plan - Growth Fund	716		-	
2,30,197 (March 31, 2019 : Nil) Units				
c) Reliance Liquid Fund - Direct Plan Growth Plan - Growth Option	-		220	
Nil (March 31, 2019 : 48,256) Units				
d) Aditya Birla Sun Life Liquid Fund-Growth-Direct Plan	-		196	
Nil (March 31, 2019 : 6,53,069) Units				
e) HDFC Liquid Fund-Regular Plan-Growth	-		257	
Nil (March 31, 2019 : 70,151) Units				
f) SBI Liquid Fund Direct Growth	-		446	
Nil (March 31, 2019 : 1,52,342) Units		**1,325**		**1,119**
Quoted TOTAL		**1,325**		**1,119**
Aggregate amount of quoted investments and market value thereof		**1,325**		**1,119**
Aggregate amount of impairment in the value of investments		-		-

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7(c) LOANS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless stated otherwise				
Security deposits	61	41	29	7
Loans and advances to related parties (Refer Note 36)	-	-	-	3
Other loans and advances				
Employee advances				
Considered good	-	-	7	5
Doubtful	-	-	3	2
Less: Allowance for doubtful employee advances	-	-	(3)	(2)
Other miscellaneous advances*	-	-	47	48
TOTAL	**61**	**41**	**83**	**63**

* Includes amount due from Related Parties amounting to ₹ 11 (March 31, 2019 ₹ 6).

Break up of security details

	As at March 31, 2020	As at March 31, 2019
Loans considered good- Secured	-	-
Loans considered good- Unsecured	**147**	**106**
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	147	**106**
Less: loss allowance	(3)	(2)
TOTAL	**144**	**104**

7(d) TRADE RECEIVABLES

	As at March 31, 2020	As at March 31, 2019
Trade receivables	**6,923**	**6,939**
Receivables from related parties	58	-
Less: Allowance for doubtful debts	(516)	(321)
TOTAL	**6,465**	**6,618**
Current portion	**6,465**	**6,618**
Non-current portion	-	-

Break up of security details

	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured	6,981	6,939
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
	6,981	6,939
Less: Allowance for doubtful debts	(516)	(321)
TOTAL	**6,465**	**6,618**

Refer note 42 for information on trade receivables pledged as security by the Group.

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7(e) CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
i. Cash & Cash Equivalents		
Balance with banks		
In Current Accounts	563	90
In EEFC account	37	60
Cash on hand	0	1
Deposits with maturity of less than 3 months	644	463
TOTAL	**1,244**	**614**

7(f) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
In deposit accounts held as margin money	20	31
Fixed deposits with bank	71	240
In unclaimed dividend accounts *	7	7
TOTAL	**98**	**278**

* Not available for use by the Group as they represent corresponding unclaimed dividend liabilities.

7(g) OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
-Considered good	-	-	86	94
-Doubtful	-	-	120	121
Less: Allowance for doubtful debts	-	-	(120)	(121)
Deposits lodged with Excise & Sales Tax department	30	28	-	-
Deposit accounts held as margin money	52	31	-	40
Insurance Claims Recoverable	-	-	105	-
Other recoverable			122	
Derivative financial instruments - foreign exchange forward contracts	-	90	-	120
TOTAL	**82**	**149**	**313**	**254**

7(h) CONTRACT ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Contract assets*	-	-	1,022	520
TOTAL	-	-	**1,022**	**520**

*Recoverable from customers under contract for supply of goods manufactured exclusively for customers (Refer note 3(h)).

8. INVENTORIES

	As at March 31, 2020	As at March 31, 2019
Raw materials {includes stock-in-transit ₹ 733 (March 31, 2019 : ₹ 1048)}	5,381	3,504
Work in progress	366	595
Finished goods {includes stock-in-transit ₹ 103 (March 31, 2019 : ₹ 183)}	1,313	735
Stock in trade {includes stock-in-transit ₹ Nil (March 31, 2019 : Nil)}	466	292
Stores & spares {includes stock-in-transit ₹ 1 (March 31, 2019 : ₹ 6)}	463	231
TOTAL*	**7,989**	**5,357**

* The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 52 (March 31, 2019: ₹ 68)

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

9. INVESTMENTS IN ASSOCIATE AND JOINT VENTURE

	As at March 31, 2020	As at March 31, 2019
Investment in Unquoted Equity Instruments*		
Solinnos Agro Sciences Private Limited (Associate)**	6	6
PI Kumiai Private Limited (Joint Venture)***	103	96
	109	**102**

* Unlisted entity - no quoted price available

** The Group has a 49% interest in Solinnos Agro Sciences Private Limited, which is involved in the business of all types of agri Inputs. The Group's interest in Solinnos Agro Sciences Private Limited is at carrying amount determined using the equity method of accounting. The country of business is India.

*** The Group has a 50% interest in PI Kumiai Private Limited, which is involved in the business of are manufacturing and trading of Agri Science Products. The Group's interest in PI Kumiai Private Limited is at carrying amount determined using the equity method of accounting. The country of business is India.

The Group has interest in Solinnos Agro Sciences Private Limited and PI Kumiai Private Limited that are accounted for using equity method and are individually immaterial to the Group. Refer table below for details: -

	As at March 31, 2020	As at March 31, 2019
Aggregate carrying amount of individually immaterial associate and joint venture	109	102
Aggregate amounts of the group's share of:		
Profit/(loss) from continuing operations	8	0
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	**8**	**0**

10. OTHER ASSETS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Considered good unless stated otherwise				
Capital advances				
Considered good	301	383	-	-
Doubtful	1	1	-	-
Less: Allowance for doubtful advances	(1)	(1)	-	-
Advances to vendors				
Considered good	-	-	347	627
Doubtful	-	-	43	11
Less: Allowance for doubtful advances	-	-	(43)	(11)
Balance with Central Excise Authorities, Customs etc.	-	-	413	93
Prepayments	6	9	84	40
Other statutory advances	50	0	288	660
Export incentive receivables	-	-	364	559
Right to recover returned goods	-	-	52	107
Other miscellaneous advances*	54	59	-	-
TOTAL	**411**	**451**	**1,548**	**2,086**

* Other miscellaneous advances includes amount of ₹ 71 (March 31, 2019 ₹ 55) deposited with Sales Tax Authorities under protest.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

11. CURRENT TAX ASSETS

	As at March 31, 2020	As at March 31, 2019
Advance income tax (Net of provision for income tax ₹ 8,257 {March 31, 2019 ₹ 7,231})	146	-
TOTAL	**146**	**-**

12. EQUITY SHARE CAPITAL

	As at March 31, 2020	As at March 31, 2019
Authorised Shares		
72,30,00,000 (March 31, 2019 : 22,30,00,000) Equity Shares of ₹ 1 each (March 31, 2019 : ₹ 1 each)	723	223
Nil (March 31, 2019 : 50,00,000) Preference Shares of ₹ 100 each (March 31, 2019 : ₹ 100 each)	-	500
	723	**723**
Issued Shares		
13,82,84,568 (March 31, 2019 : 13,82,07,226) Equity Shares of ₹ 1 each (March 31, 2019 : ₹ 1 each)	138	138
	138	**138**
Subscribed & Fully Paid up Shares		
13,81,07,993 (March 31, 2019 : 13,80,30,651) Equity Shares of ₹ 1 each (March 31, 2019 : ₹ 1 each)	138	138
Total subscribed and fully paid up share capital	**138**	**138**

a. The difference between the issued and subscribed capital is on account of less number of shares allotted in right issue in earlier years.

b. **Terms/ rights attached to Equity Shares**

The Company has only one class of Equity Shares having a par value of ₹ 1 per share (March 31, 2019 ₹ 1 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. **Own shares held by ESOP Trust**

In the earlier years, PII ESOP Trust was set up to administer the employee stock option plan. During the current year PII ESOP Trust has been consolidated. Refer table below for movement of shares on account of consolidation: -

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
Opening balance	2,31,200	0	2,71,558	0
Adjustment on consolidation of ESOP Trust during the year	77,342	0	1,23,333	0
Exercised during the year	1,59,685	0	1,63,691	0
Closing balance	**1,48,857**	**0**	**2,31,200**	**0**

d. **Issue of Shares under employee stock option (ESOP) Scheme**

During the year ended March 31, 2020, the Company has issued 77,342 equity shares of ₹ 1 each (March 31, 2019 123,333 equity shares of ₹ 1 each), as per exercise price to PII ESOP Trust, set up to administer Employee Stock Option Plan. Out of total equity shares issued to the Trust 159,685 equity shares of face value of ₹ 1 each (March 31, 2019 163,691 equity shares of face value of ₹ 1 each) have been allocated by the Trust during the year to respective employees upon exercise of Stock Option. As on March 31, 2020, 131,036 equity shares of face value of ₹ 1 per share (March 31, 2019 231,200 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 32)

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

e. **Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Issued share capital

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2019-20	2018-19	2019-20	2018-19
Share outstanding at beginning of period	13,82,07,226	13,80,83,893	138	138
Shares issued under employee stock option scheme	77,342	1,23,333	0	0
Share outstanding at end of period	**13,82,84,568**	**13,82,07,226**	**138**	**138**

Subscribed & paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2019-20	2018-19	2019-20	2018-19
Share outstanding at beginning of period	13,80,30,651	13,79,07,318	138	138
Shares issued under employee stock option plan	77,342	1,23,333	0	0
Share outstanding at end of period	**13,81,07,993**	**13,80,30,651**	**138**	**138**

f. **Shares reserved for issue under option**

Shares reserved for issue under employee stock option scheme is set out in Note 32

g. **Details of shareholders holding more than 5% shares in the Company**

Equity Shares

Name of Shareholders	2019-20		2018-19	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	85,54,857	6.20	85,54,857	6.20
Ms. Madhu Singhal	2,15,60,500	15.62	2,15,60,500	15.62
Mr. Mayank Singhal	3,20,28,510	23.20	3,20,28,510	23.20
Ms. Pooja Singhal	86,65,550	6.28	86,65,550	6.28
ICICI Prudential Value Discovery Fund	-	-	60,73,466	4.40

13. OTHER EQUITY

		As at March 31, 2020		As at March 31, 2019	
	Reserves & surplus				
a.	**Capital reserve**				
	Balance at the beginning of the financial year	15		15	
	Addition during the financial year	-	15	-	15
	Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b.	**Capital redemption reserve**				
	Balance at the beginning of the financial year	4		4	
	Addition during the Financial year	-	4	-	4
	Deduction during the financial year				
c.	**Securities premium reserve**				
	Balance at the beginning of the financial year	2,055		1,984	
	Addition during the Financial year	-		-	
	Add: Premium on issue of equity shares through ESOP	80		116	
	Add: Exercise of share options	80		29	
	Less: Own shares held by ESOP Trust	(53)	2,162	(74)	2,055
	Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.				

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

		As at March 31, 2020		As at March 31, 2019	
d.	**Share option outstanding account**				
	Balance at the beginning of the financial year	73		102	
	Less: Expense on employee stock option scheme	(4)		13	
	Less: Shares issued under employee stock option scheme	(27)	42	(42)	73
	The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 32).				
e.	**General reserve**				
	Balance at the beginning of the financial year	1,857		1,857	
	Add: Transferred during the financial year	-	1,857	-	1,857
f.	**Surplus in statement of profit & loss**				
	Balance at the beginning of the financial year	18,583		15,097	
	Addition during the financial year	4,566		4,102	
	Add: Change in accounting policy- Adjustment of Ind AS 115	-		216	
	Add: Remeasurement gain / (loss) on defined benefit plans through OCI	(11)		(1)	
	Less: Interim dividend	(414)		(345)	
	Less: Final dividend	(207)		(344)	
	Less: Dividend distribution tax on equity shares	(128)	22,389	(142)	18,583
g.	**Own shares held by ESOP Trust**				
	Balance at the beginning and end of the financial year	(0)		(0)	
	Add: Adjustment on consolidation of ESOP Trust during the year	(0)		(0)	
	Less: Exercise of share options	0	0	0	(0)
	Items of other comprehensive income				
h.	**Cash flow hedge reserve**				
	Balance at the beginning of the financial year	127		49	
	Add: Other comprehensive income for the financial year	(547)	(420)	78	127
	The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
i.	**Foreign currency translation reserve**				
	Balance at the beginning and end of the financial year	2		2	
	Other comprehensive income for the year	2	4	0	2
	Total		**26,053**		**22,716**

14. DISTRIBUTION MADE AND PROPOSED

		As at March 31, 2020	As at March 31, 2019
A.	**Dividends declared and paid:**		
	Final dividend (March 31, 2020 pertains to financial year 2018-19 and March 31, 2019 pertians to financial year 2017-18)	207	344
	Interim dividend (March 31, 2020 pertains to financial year 2019-20 and March 31, 2019 pertians to financial year 2018-19)	414	345
	Total dividends	**621**	**689**
	The Company has paid tax on dividend amounting to ₹ 127 (March 31, 2019 ₹ 142)		
B.	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, subsequent to the year end the Board of Directors have recommended a final dividend of ₹ 1.00 per fully paid equity share (March 31, 2019 ₹ 1.50).	138	207
	Tax on dividend	-	42
	This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

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FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

15. FINANCIAL LIABILITIES

15(a) BORROWINGS (NON-CURRENT)

	Non- Current maturities		Current maturities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Secured				
Term Loans - From Banks				
Foreign Currency Loans from Banks at amortised cost	2,254	99	109	395
Rupee Term Loan at amortised cost	1,740	-	-	-
Less: Interest accrued but not due on borrowings (included in Note 15(d))	-	-	12	2
TOTAL	**3,994**	**99**	**97**	**393**

a. **Foreign currency loans includes:**

(i) External commercial borrowings (ECB) from HSBC Bank, Mauritius amounting to USD 1.42 MN carrying interest rate of 3 months LIBOR plus 1.10% is outstanding as on March 31, 2020 and is repayable in balance 1 (one) quarterly instalments of USD 1.42 Mn. The maturity date of the loan is May 25, 2020. The loan is secured by exclusive charge on movable plant and machinery & building relating to multi purpose plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 42)

(ii) External commercial borrowings (ECB) from HSBC Bank, Singapore amounting to USD 30.0 MN (drawn) carrying interest rate of 3 months LIBOR plus 1.25% is outstanding as on March 31, 2020. In addition, an amount of USD 28 MN is approved from HSBC Bank, Singapore, which is pending to be drawn. The borrowing from HSBC Bank, Singapore are repayable in 14 (fourteen) equal quarterly instalments of USD 4.14 MN each. The maturity date of the loan is October 10, 2024. The loan is secured by exclusive charge on movable plant and machinery and building relating to under construction multi purpose plant (MPP) - 10 & 11 of the Company situated at SPM 29/2, Jambusar (Gujarat) .The loan was taken for the purpose of capital expenditure for two multi purpose plant designated as MPP 10 and MPP 11 at sterling Multi Product SEZ in Jambusar, District, Gujarat. (refer note 42)

(iii) Rupee Term Loan from Citicorp Finance (India) Limited (""CFIL"") amounting to ₹ 1,740 carrying interest rate of 8% is outstanding as on March 31, 2020. The borrowings from CFIL are repayable in 8 (eight) equal quarterly installment. The maturity date of the loan is December 31, 2022. The loan is secured by exclusive charge on moveable fixed assets of multi purpose plant (MPP) 8 and under construction Multi purpose plant (MPP) 9 of the Company situated at SPM 29/2, Jambusar (Gujarat). The purpose of Loan is reimbursement of capital expenditure at various manufacturing facility in FY 2019 and H1 FY 2020.(refer note 42)

b. As on the Balance sheet date there is no default in repayment of loans and interest.

c. **Changes in liabilities arising from financing activities**

	As at March 31, 2020	As at March 31, 2019
This section sets out changes in liabilities arising from financing activities pursuant to requirements under Ind AS 7		
Current portion of long term financial borrowings	(97)	(393)
Non-current portion of long term financial borrowings	(3,994)	(99)
Interest accrued but not due on borrowings	(12)	(2)
TOTAL	**(4,103)**	**(494)**
Balance as at the beginning of the year	**(494)**	**(836)**
Foreign exhange adjsutments	(154)	(56)
Interest expense	(60)	(29)
Interest paid	50	30
Amortisation of Prepaid Processing Charges on Term Loan	34	(2)
Loan taken	(3,886)	-
Re-payments	407	399
Balance as at the end of the year	**(4,103)**	**(494)**

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(All amount in ₹ million, unless otherwise stated)

d. Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants :

a. the Debt service coverage ratio (DSCR) must be higher than 2. [DSCR = (PAT + Depreciation + Interest expenses + Deferred tax + Amortization)/ (Interest paid (including interest capitalized) + Finance charges paid + Long term and short term debt repayments excluding working capital)]

b. Fixed assets coverage ratio (FACR) must be higher than 1.25 [Fixed assets coverage ratio = (Hypothecated Movable Fixed Assets (net book value) + Immovable assets mortgaged (book value))/ (secured loan outstanding)]

c. External Debt/EBIDTA to be maintained below 2.5. [Total debt or borrowings/ EBIDTA]

d. External gearing to be maintained below 2.[Total debt or borrowings /Tangible net worth]

The group complied with these ratios throughout the reporting period. As at March 31, 2020 Debt service coverage ratio was 10.95 (March 31, 2019 15.03), Fixed assets coverage ratio was 3.52 (March 31, 2019 16.64), External Debt/EBIDTA was 0.66 (March 31, 2019 0.08) and external gearing ratio was 0.21 (March 31, 2019 0.02) .

15(b) BORROWINGS (CURRENT)

	As at March 31, 2020	As at March 31, 2019
Secured		
Working Capital- From Banks		
Working Capital Loan	950	-
Buyer's Credit	133	
TOTAL	**1,083**	-

a Short term loan:

Working capital loans amounting to INR 950 Mn carrying interest rate of 7.90% to 8.10% is outstanding as on March 31, 2020, maturing within three months from the balance sheet date. The loan is secured by floating charge on all current assets. The purpose of the loan is to meet working capital requirements of the Company.

b. Changes in liabilities arising from financing activities

	As at March 31, 2020	As at March 31, 2019
Changes in liabilities arising from financing activities		
Balance as at the beginning of the year	-	-
Interest expense	43	-
Interest paid	(43)	-
Amortisation of Prepaid Processing Charges	-	-
Borrowings (Net)	1,083	-
Balance as at the end of the year	**1,083**	-

15(c) TRADE PAYABLES

	As at March 31, 2020	As at March 31, 2019
Trade payables		
-Due to micro and small enterprises (Refer Note 37)	83	48
-Other trade payables	5,826	5,082
TOTAL	**5,909**	**5,130**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

15(d) OTHER FINANCIAL LIABILITIES

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Employee payables*	-	-	642	523
Security deposits from dealers	255	189	-	-
Security deposits from contractors	1	1	2	3
Current maturities of long-term borrowings (Refer Note 15 (a))	-	-	97	393
Interest accrued but not due on borrowings	-	-	12	2
Unclaimed dividends	-	-	7	7
Creditors for capital purchases	-	-	502	371
Deferred Lease Liabilities	318	-	187	
Other payable **	-	-	1,013	1,120
Derivative financial instruments - foreign exchange forward contracts	258	-	508	-
TOTAL	**832**	**190**	**2,970**	**2,419**

a. **Changes in liabilities arising from financing activities- Deferred lease liabilities :-**

	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	412	-
Interest expense	47	-
Addition- lease liabilities	261	-
Lease rental paid	(215)	-
Balance as at the end of the year	**505**	**-**

* This includes due to directors amounting to ₹ 99 (March 31, 2019 ₹ 93)

** This includes due to non-executive/ independent directors amounting to ₹ 13 (March 31, 2019 : ₹ 17)

16. PROVISIONS

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits*				
Long term compensated absences	-	111	157	8
Gratuity (Refer Note no. 30)	124	179	7	-
	124	**290**	**164**	**8**
Provisions for legal claims	-	-	260	118
	-	**-**	**260**	**118**
TOTAL	**124**	**290**	**424**	**126**

* This includes due to directors amounting to ₹ 68 (March 31, 2019 ₹ 48)

(i) **Long term compensated absences**

The long term compensated absences cover the company's liability for earned leave which are classified as other long-term benefits.

The entire amount of provision of ₹ 157 is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However based on past experience, the company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within next 12 months.

Notes to Consolidated Financial Statements

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(All amount in ₹ million, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Leave obligations not expected to be settled within the next 12 months	157	-

(i) Information about provisions for legal claims

(a) An objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Company filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2020 total differential custom duty demand is ₹ 128 (March 31, 2019 ₹ 114). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 4 (March 31, 2019: ₹ 4). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honorable Rajasthan High Court.

(c) An objection was raised by the custom department on classification of one of the raw materials siapton resulting in demand of differential excise duty. The Company filed an appeal against the order and has given fixed deposit amounting to ₹ 21 under lein against the said liability. As on March 31, 2020 total differential excise duty demand is ₹ 128 (March 31, 2019 ₹ Nil).

(ii) Movement in other provisions

	Legal claims
As at 1 April 2018	101
Provisions made during the year	17
As at 31 March 2019	118
Provisions made during the year	14
Additions relating to acquisition (refer note 44)	128
As at March 31, 2020	**260**

17. DEFERRED TAX (ASSETS) / LIABILITIES

The balance comprises temporary differences attributable to:		As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities			
Property, plant and equipment		1,507	1,093
Intangible assets		14	14
	A	**1,521**	**1,107**
Deferred tax assets			
Provision for employee benefits		(58)	(42)
Other provisions		(64)	(17)
Other financial liabilities		(7)	(8)
Trade receivables		(169)	(155)
Other comprehensive income items			
- Remeasurements on defined benefit plans		(25)	(17)
- Effective portion on cash flow hedges		(236)	58
- Exchange difference on translation of foreign operations		1	1
Others		(71)	(5)
Minimum alternate tax (MAT) credit entitlement		(790)	(1,063)
	B	**(1,419)**	**(1,248)**
Net deferred tax (assets)/ liabilities	**TOTAL**	**102**	**(141)**

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(All amount in ₹ million, unless otherwise stated)

Movement in deferred tax:	As at March 31, 2019	On account of acquisition*	Recognized in P&L	Recognized in OCI	Utilisation	As at March 31, 2020
Deferred tax liabilities						
Property, plant and equipment	1,093	37	377	-	-	1,507
Intangible assets	14	-	(0)	-	-	14
Sub- Total (a)	**1,107**	**37**	**377**	**-**	**-**	**1,521**
Deferred tax assets						
Provision for employee benefits	42	8	9	(1)	-	58
Other provisions	17		47	-		64
Other financial liabilities	8		(1)	-	-	7
Trade receivables	155	38	(24)	-	-	169
Other comprehensive income items						
- Remeasurements on defined benefit plans	17		-	8	-	25
- Effective portion on cash flow hedges	(58)		-	294	-	236
- Exchange difference on translation of foreign operations	(1)		-	-	-	(1)
Others	5	33	33	-	-	71
Minimum alternate tax (MAT) credit entitlement	1,063		-	-	(273)	790
Sub- Total (b)	**1,248**	**79**	**64**	**301**	**(273)**	**1,419**
Net deferred tax liability (a)-(b)	**(141)**	**(42)**	**313**	**(301)**	**273**	**102**

* Acquired on December 27, 2019 (Refer note 44)

Movement in deferred tax:	As at March 31, 2018	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2019
Deferred tax liabilities					
Property, plant and equipment	1,033	60	-	-	1,093
Intangible assets	16	(2)	-	-	14
Sub- Total (a)	**1,049**	**58**	**-**	**-**	**1,107**
Deferred tax assets					
Provision for employee benefits	89	(47)	-	-	42
Other provisions	-	17	-	-	17
Other financial liabilities	5	3	-	-	8
Trade receivables	67	88	-	-	155
Other financial assets	28	(28)	-	-	-
Others	15	(10)	-	-	5
Other comprehensive income items					
- Remeasurements on defined benefit plans	16	-	1	-	17
- Effective portion on cash flow hedges	(16)	-	(42)	-	(58)
-Exchange difference on translation of foreign operations	(1)	-	-	-	(1)
Minimum alternate tax (MAT) credit entitlement	1,113	(66)	-	16	1,063
Sub- Total (b)	**1,316**	**(43)**	**(41)**	**16**	**1,248**
Net deferred tax liability (a)-(b)	**(267)**	**101**	**41**	**(16)**	**(141)**

* Actualisation of MAT credit utilisation for the FY 2017-18 on the basis of tax return filed.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

18. OTHER LIABILITIES

	Non- Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Advance from customers	-	-	363	125
Refund/ Return liabilities	-	-	95	208
Statutory dues payable	-	-	117	102
TOTAL	**-**	**-**	**575**	**435**

The group has a customary practice of accepting return and accordingly, the group has recognised a refund liability for the amount of consideration received for which the group does not expect to be entitled amounting to ₹ 95 (March 31,2019: ₹ 208). The group has also recognised a right to recover the returned goods ₹ 52 (March 31, 2019: ₹ 107). The costs to recover the products are not material because the customers usually return the product in a saleable condition.

19. CURRENT TAX LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax (Net of Advance Income Tax ₹ 8,310 {March 31, 2019 ₹ 7,226})	44	5
TOTAL	**44**	**5**

20. REVENUE FROM OPERATIONS

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations includes		
a) Sale of products (including excise duty)	33,054	27,918
b) Sale of services;	12	2
c) Other operating revenues:		
Scrap sales	17	18
Export incentives	582	471
Revenue From Operations (Net)	**33,665**	**28,409**

Reconciliation of revenue recognised with the contract price:	Year ended March 31, 2020	Year ended March 31, 2019
Contract Price	34,851	29,886
Adjustments for:		
Refund liabilities	(95)	(208)
Discount/Incentives	(1,702)	(1,760)
Revenue from Operations	**33,054**	**27,918**

Critical judgements in revenue :

The group has recognised Provision for discounts and sales returns amounting to ₹ 479 from sale of products to various customers during the year ended March 31, 2020 (March 31, 2019 ₹ 474). The provision has been determined by the management based on the current and expected operating environment, Sales returns variability, expected achievement of targets against various ongoing schemes floated.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

21. OTHER INCOME

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income from financial assets at amortised cost	175	194
Unwinding of discount on security deposits	3	10
Net gain/ loss on sale of Plant, property and equipment ;	9	-
Net gain on financial assets measured at fair value through profit or loss	-	-
-Realised Gain	13	198
-Unrealised Gain/ (Loss)	-	(89)
Net foreign exchange differences *	264	240
Dividend Income	0	0
Miscellaneous Income	25	42
TOTAL	**489**	**595**

* Net of amount of loss ₹ 149 (March 31, 2019 ₹ 55) which has been transferred to Capital work in progress during the year.

22. EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	2,859	2,372
Contribution to provident & other funds	116	96
Gratuity (Refer Note 30)	53	38
Long term compensated absences	46	25
Employees Welfare Expenses	139	103
Expense/(Reversal) on Employee Stock Option Scheme (Refer Note 32)	(4)	13
TOTAL*	**3,209**	**2,647**

* Net of amount of ₹ 494 (March 31, 2019 ₹ 169) which has been transferred to Capital work in progress during the year.

23. OTHER EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Power, Fuel & Water	1,094	912
Consumption of stores & spares	353	251
Repairs & Maintenance		
- Buildings	46	60
- Plant and machinery	249	216
- Others	178	129
Environment & Pollution Control expenses	480	454
Laboratory & Testing Charges	248	214
Freight & Cartage	314	406
Advertisement & Sales Promotion	444	372
Travelling and conveyance	393	431
Rental charges {Refer note 33 (c)}	81	159
Rates and taxes	2	45
Insurance	114	42
Donation	8	59
Loss on Sale/Retirement of property, plant and equipment (Net)	-	13
Payment to auditors {Refer note 23 (a) below}	5	5
Telephone and communication charges	47	46
Provision for Bad and Doubtful debts & Advances	75	179
Director sitting fees and commission	15	19
Legal & professional fees	310	218
Bank charges	20	21
Corporate social responsibility expenditure {Refer note 24 below}	104	93
Miscellaneous Expenses	224	152
TOTAL*	**4,804**	**4,496**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

a. Auditors' Remuneration	Year ended March 31, 2020	Year ended March 31, 2019
-Audit Fees	3	3
- Limited Review Fees	1	1
-Certificates & other matters	1	1
-Reimbursement of expenses	0	0
TOTAL	**5**	**5**

* Net of amount of ₹ 134 (March 31, 2019 ₹ 55) which has been transferred to Capital work in progress during the year.

24. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to PI Foundation Trust for CSR activities	104	93
Amount required to be spent by the Company during the year as per Section 135 of the Act	104	93
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	104	93

25. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of Property, Plant and Equipment (Refer Note 4)	1,330	910
Amortization of Intangible Assets (Refer Note 5)	37	20
TOTAL	**1,367**	**930**

26. FINANCE COST

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on financial liabilities measured at amortised cost	140	47
Less: transferred to CWIP	(19)	-
Interest and finance charges on lease liability	47	-
Other borrowing costs	2	3
TOTAL	**170**	**50**

27. INCOME TAX EXPENSE

a) Income tax expense recognized in Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense		
Current tax on profits for the year	1,246	1,192
Adjustment of current tax for prior year periods	13	(16)
Total Current tax expense	**1,259**	**1,176**
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	377	58
Decrease / (Increase) in Deferred tax assets	(64)	43
Net Deferred tax expense	**313**	**101**
Total Income tax expense	**1,572**	**1,277**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Income tax related to items recognised in Other comprehensive income during the year

	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement of defined benefit plans	(8)	(1)
Effective portion on cash flow hedges	(294)	42
Exchange difference on translation of foreign operation	1	0
Income tax charged to Other comprehensive income	**(301)**	**41**

c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax	6,138	5,379
Tax at India's statutory income tax rate @ 34.944% (March 31, 2019: 34.944%)	2,145	1,880
Adjustment in respect of current income tax of previous years	13	(16)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	-	-
Effect of concessions (expenditure on research and development)	(156)	(121)
Effect of income that is exempt from taxation (operations in tax free zone)	(426)	(486)
Difference in overseas tax rate	(0)	(0)
Effect of lower income tax rate	(16)	1
Effect of change in tax rate	-	8
Effect of amounts which are not deductible in calculating taxable income	12	11
Income Tax Expense	**1,572**	**1,277**

d) Unrecognized temporary differences

	Year ended March 31, 2020	Year ended March 31, 2019
Temporary difference relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Undistributed earnings	2,607	222
Unrecognised deferred tax liabilities relating to the above temporary differences @ 34.944% (March 31, 2019: 34.944%)	911	78

Certain subsidiaries of the Group have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from the subsidiaries. These subsidiaries are not expected to distribute these profits in foreseeable future.

28. RESEARCH & DEVELOPMENT EXPENSES

Details of Expenditure on Research & Development Facilities/ division of the group recognised by Department of Scientific & Industrial Research including new facility for which application has been made during the year.

a) Revenue Expenditure

	Year ended March 31, 2020	Year ended March 31, 2019
Other Income	0	0
TOTAL	**0**	**0**
Employee Benefit Expenses		
Salaries, Wages & Bonus	374	290
Contributions to Provident & other funds	26	20

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee Welfare Expenses	8	7
	408	**317**
Raw & Packing Materials Consumed	**115**	**109**
Other Expenses		
Laboratory & testing Material	71	58
Power, Fuel & Water	51	40
Consumption of stores & spares	47	65
Testing & analysis	26	13
Travelling & conveyance	21	17
Rates and taxes	0	0
Printing & Stationery	1	0
Bank Charges	0	0
Legal & professional fees	31	33
Miscellaneous Expenses	41	36
	289	**262**
Depreciation		
Depreciation	108	100
TOTAL	**920**	**788**
Total Expenditure	**920**	**788**

b) Capital Expenditure

Description	Year ended March 31, 2020	Year ended March 31, 2019
Buildings	55	0
Equipments & Others	174	50
TOTAL	**229**	**50**

29. EARNING PER SHARE (EPS)

	Year ended March 31, 2020	Year ended March 31, 2019
a) Net Profit for Basic and Diluted EPS	4,566	4,102
b) Number of Equity Shares at the beginning of the year	13,80,30,651	13,79,07,318
Add: Issue of Shares under ESOP	77,342	1,23,333
Sub-total	**13,81,07,993**	**13,80,30,651**
Less: Adjustment of own shares held under ESOP Trust	(1,48,857)	(2,31,200)
Total Number of Shares outstanding at the end of the Period	**13,79,59,136**	**13,77,99,451**
Weighted Average number of Equity Shares outstanding during the period - Basic	**13,80,35,101**	**13,79,47,190**
Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	2,840	40,927
Weighted Average number of Equity Shares outstanding during the year - Diluted	**13,80,37,941**	**13,79,88,117**
Earning Per Share - Basic (₹)	33.08	29.74
Earning per share - Diluted (₹)	33.08	29.73
Face value per share (₹)	1.00	1.00

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

30. EMPLOYEE BENEFITS

In respect of entities incorporated in India, the Group participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

Provident Fund

In accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (EPF and MP Act), employees are entitled to receive benefits under the Provident Fund. Employers and employees both contribute @12% of wages in contribution accounts. Further, the employers also contribute towards administration of the benefits under the EPF and MP Act. All employees have an option to make additional voluntary contributions as permissible under the Act. These contributions are made to the fund administered and managed by the Employee Provident Fund organization. The Group has no further obligations under the fund managed by the Employee Provident Fund Organization (EPFO) beyond its monthly contributions which are charged to the statements of profit or loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the EPFO.

Gratuity Plan

In accordance with the Payment of Gratuity Act of 1972, PI Industries Limited has established a defined benefit plan (the “Gratuity Plan”). The Gratuity Plan provides a lump sum payment to the employees at the time of retirement or resignation (after 5 years of continued services of employment), being an amount based on the respective employee’s last drawn salary and the number of years of employment with the Group. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Long term compensated absences

The liabilities for compensated absence namely earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss.

31A. DEFINED CONTRIBUTION PLANS:-

The Group has recognised an expense of ₹ 116 (Previous Year ₹ 96) towards the defined contribution plan.

31B. DEFINED BENEFITS PLANS - AS PER ACTUARIAL VALUATION

I Change in present value of obligation during the year

	Year ended March 31, 2020		Year ended March 31, 2019	
	Gratuity		Gratuity	
	Funded	Non-funded	Funded	Non-funded
Present value of obligation at the beginning of the year	259	0	223	0
On account of Acquisition (refer note 44)	83			
Total amount included in profit and loss*:				
- Current Service Cost	44	0	32	1
- Interest Cost	21	0	17	0
- Past Service Cost	-	-	0	-
Total amount included in OCI:				
Remeasurement related to gratuity:				
Actuarial losses/(gains) arising from:				
- Demographic Assumption	0	-	0	-
- Financial assumption	25	0	1	0
- Experience Judgement	0	0	2	0
Others				
Benefits Paid	(23)	-	(16)	-
Present Value of obligation as at year-end	**409**	**0**	**259**	**1**

* Includes expenses reclassified to capital work in progress ₹ 6 (March 31, 2019 ₹ 4)

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

II Change in Fair Value of Plan Assets during the year

	Year ended March 31, 2020	Year ended March 31, 2019
Plan assets at the beginning of the year	81	88
On account of acquisition (refer note 44)	61	
Included in profit and loss:		
Expected return on plan assets	6	7
Included in OCI:		
Actuarial Gain/(Loss) on plan assets	6	2
Others:		
Employer's contribution	148	-
Benefits paid	(20)	-
Claim received during the year from fund manager	-	(3)
Pending claim with fund manager	(2)	(13)
Plan assets at the end of the year	**280**	**81**

The plan assets are managed by the Gratuity Trust formed by the Group. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd., whose pattern of investment is not available with the Group.

III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
Present Value of obligation as at year-end	409	1	259	1
Fair value of plan assets at year-end	280	-	81	-
Funded status {Surplus/(Deficit)}	(129)	(0)	(178)	(0)
Net Asset/(Liability)	**(129)**	**(1)**	**(178)**	**(1)**

IV Bifurcation of PBO at the end of the year

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
1. Current Liability	-	-	-	-
2. Non-Current Liability	129	1	178	1

Notes to Consolidated Financial Statements

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(All amount in ₹ million, unless otherwise stated)

V. Actuarial Assumptions

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
1. Discount Rate	6.79%	6.79%	7.65%	7.65%
2. Expected rate of return on plan assets	7.50%	NA	7.50%	NA
3. Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
4. Salary Escalation	7.00%	7.00%	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 65

VII Sensitivity Analysis

	Year ended March 31, 2020		Year ended March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(16)	16	(11)	11
Future salary growth (0.50 % movement)	17	(17)	12	(12)

VIII Maturity Profile of Defined Benefit Obligation

	Year ended March 31, 2020		Year ended March 31, 2019	
	Funded	Non-funded	Funded	Non-funded
Within the next 12 months	34	0	14	0
Between 2-5 years	90	0	41	0
Beyond 5 years	328	0	204	0

IX Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follow -

A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment Risk – If Plan is funded then the mismatch between assets and liabilities and actual return on assets being lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability

31C. LONG TERM COMPENSATED ABSENCES

The provision for long term compensated absences covers the Group's liability for earned and sick leave, the amount of provision recognised is ₹ 157 (March 31, 2019 ₹ 119).

Inspired by Science

Notes to Consolidated Financial Statements

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(All amount in ₹ million, unless otherwise stated)

32. SHARE BASED PAYMENTS

Employee Stock Option Plan

The Group provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

In December 2010, the Board of Directors approved the PII ESOP 2010 Scheme in order to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Group (including subsidiary companies) with an intent to attract and retain talent in the organization. The aforesaid scheme was duly approved by shareholders in its EGM held on January 21, 2011 and is administered through independent trust. The Compensation Committee of the Board has granted following options under PII ESOP 2010 Scheme to certain category of employees as per criteria laid down by Compensation Committee of the Board.

Key terms of the scheme	
Date of Shareholder's Approval	21-Jan-11
Total Number of Options approved	62,62,090
Vesting Requirements	Options shall vest after a lock in period of one year from the date of grant. Option shall vest in four years as per the Group's ESOP plan. (Refer vesting schedule below)
The Pricing Formula	10% discount to market price on National Stock Exchange a day prior to date of grant
Maximum term of Options granted (years)	10 years
Method of Settlement	Shares
Source of shares	Primary-Fresh equity allotment by Group to the Trust
Variation in terms of ESOP	Nil
Vesting schedule	Under the plan, participants are granted options which vests at 15%, 25%, 30%, 30% respectively each year over a period of 4 years or as defined in Grant letter.
Exercisable period	Once vested, the options remain excisable for a period of six years
Vesting condition	Vesting shall be computed through performance evaluation method based on conditions pre-communicated to employees.

I. Option Movement during the year ended March 2020

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	4,39,351	592.87	6,87,924	492.55
Options Granted during the year	-	NA	-	NA
Options Forfeited / Surrendered during the year	72,488	711.90	84,882	581.35
Total number of shares arising as a result of exercise of options	1,59,685	499.27	1,63,691	177.59
Money realised by exercise of options (₹ Mn)	80	NA	29	NA
Number of options Outstanding at the end of the year	2,07,178	623.36	4,39,351	592.87
Number of Options exercisable at the end of the year	1,31,036	574.51	2,31,200	499.46

II. Weighted Average remaining contractual life

Range of Exercise Price	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	-	NA	-	NA
75 to 150	24,349	3.16	54,716	4.11
150 to 450	5,254	4.47	45,958	5.34
450 to 750	177,575	5.57	3,38,677	5.55

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III. Weighted average Fair Value of Options granted during the year

	March 31, 2020	March 31, 2019
Exercise price is less than market price (in ₹)*	NA	NA

* No options granted during the year ended March 31, 2020 and March 31, 2019.

IV. The weighted average market price of options exercised during the year ended March 31, 2020 is ₹ 1327 (March 31, 2019 is ₹ 840)

V. Method and Assumptions used to estimate the fair value of options granted during the year ended:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows

Variables	March 31, 2020	March 31, 2019
	Weighted Average *	Weighted Average
1. Risk Free Interest Rate	NA	NA
2. Expected Life(in years)	NA	NA
3. Expected Volatility	NA	NA
4. Dividend Yield	NA	NA
5. Exercise Price (in ₹)	NA	NA
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	NA

* No options granted during the year ended March 31, 2020 and March 31, 2019

VI. Particulars

Variables	March 31, 2020	March 31, 2019
Employee Option plan expense	(4)	13
Total liability at the end of the period	42	73

33. CAPITAL & OTHER COMMITMENT

	March 31, 2020	March 31, 2019
A. Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 298 (March 31, 2019: ₹ 385)}	388	1,461
B. Export Commitment	5712	5,202
C. Leases		

Operating lease commitments - As lessee

The Company leases various offices, warehouses, godown, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 9 years. The leases have varying terms, escalation clauses and renewal rights. From April 1, 2019, the company has recognised Right of Use Assets for these leases except for short term and low value leases, see note 23 and Note 43 for further information

Total of future minimum lease payments under non-cancellable short term operating leases for each of the following periods

	March 31, 2020	March 31, 2019
-Payable within one year	24	156
-Later than one year and not later than five years	26	172
-Later than five years	0	0
-Lease payments recognised in Statement of Profit and Loss (Refer note 23)	81	260

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34. CONTINGENT LIABILITIES

		March 31, 2020	March 31, 2019
a.	Claims against the Group not acknowledged as debt;*		
	(refer note (i) below)		
	- Sales Tax including Goods and Service Tax	62	48
	- Excise Duty	248	21
	- Income Tax	125	78
	- ESI	1	1
	- Other matters, including claims relating to customers, labour and third parties etc.	19	35
b.	Guarantees excluding financial guarantees;		
	- Performance bank guarantees	442	259
c.	Other money for which the Group is contingently liable		
	- Letter of Credit	1,393	1,427

Notes:

(i) Represents amounts as stated in Demand Order excluding interest and penalty

* Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above as it is determinable only on receipt of the judgements/ decisions pending with various forums / authorities.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

In Group's assessment the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 and circular No. C-I/1(33)2019/Vivekanand Vidyamandir/717 dated August 28, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and computation of liability to be done as per provision of Para 2(f) of EPF Scheme, 1952, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

35. OPERATING SEGMENT

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Group's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

The Group has evaluated the applicability of segment reporting and has concluded that since the Group is operating in the field of Agro Chemicals both in the domestic and export markets and the CODM reviews the overall performance of the agro chemicals business, accordingly the Group has one reportable business segment viz. Agro Chemicals.

I Revenue:

A. Information about product revenues:

The Group is in the business of manufacturing and distribution of Agro Chemicals. The amount of its revenue from external customers broken down by products is shown in the table below:

	March 31, 2020	March 31, 2019
Active Ingredients and Intermediates	25,737	19,205
Formulations	7,700	9,030
Others	228	174
	33,665	**28,409**

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B. Geographical Areas

The Group is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below (also refer note 40):

	March 31, 2020	March 31, 2019
India	9,003	9,574
Asia (other than India)	8,615	3,893
North America	11,911	11,012
Europe	2,715	2,802
Rest of the World	1,421	1,128
	33,665	**28,409**

II. The total of Non-current assets (other than financial instruments and deferred tax assets), broken down by location of the assets, is shown in the table below:

	March 31, 2020	March 31, 2019
India	20,854	11,260
Asia (other than India)	6	3
Europe	5	3
	20,865	**11,266**

36. RELATED PARTY DISCLOSURES

Related party disclosure, as required by Indian Accounting Standard-24, is as below:

a) Nature of Related Party relationship

I - Joint Ventures, Associates and Controlled Trust:

(a)	Solinnos Agro Sciences Private Limited.	Associate
(b)	PI Kumiai Private Limited.	Joint Venture

II - Key Management Personnel (KMP) & their relatives with whom transactions have taken place:

(a) Key Management Personnel

Mr. Mayank Singhal	Vice Chairman and Managing Director
Mr. Rajnish Sarna	Whole-Time Director
Dr. Raman Ramachandran	Managing Director & CEO (W.e.f July 1, 2019)
Mr. Narayan K. Seshadri	Non-executive Director (Chairman)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (Until May 1, 2019)
Mr. Arvind Singhal	Non-executive Director
Dr. Tanjore Soundararajan Balganesh	Non-executive Director

(b) Relatives of Key Management Personnel

Mr. Salil Singhal	Father of Mr. Mayank Singhal
Ms. Madhu Singhal	Mother of Mr. Mayank Singhal
Ms. Pooja Singhal	Sister of Mr. Mayank Singhal

III - Entities controlled by KMP with whom transactions have taken place:

(a) PI Foundation

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(All amount in ₹ million, unless otherwise stated)

b) The following transactions were carried out with related parties in the ordinary course of business:

Nature of Transaction	Type of relation	2019-20		2018-19	
		Transactions during the period	Balance out-standing Dr (Cr)	Transactions during the period	Balance out-standing Dr (Cr)
Compensation to KMP					
-Short term employee benefits	a(ii) (a)	212		159	
-Post employment benefits		27		19	
-Commission and other benefits to non-executive/ independent directors		15		19	
Total		**254**	**(180)**	**197**	**(158)**
Other transactions					
Purchase of services	a(ii) (b)	13	(2)	14	(4)
Purchase of services	a(i)(a)	-	-	1	-
Purchase of goods	a(i)(b)	239	(181)	-	-
Sale of services	a(i)(a)	1	-	1	-
Sale of goods	a(i)(b)	161	58	-	-
Rent & Power cost Received	a(i)(a)	4	-	1	-
Rent & Power cost Received	a(i)(b)	4	-	-	-
Rent & Power cost paid	a(ii)(b)	2	0	2	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	0	-	0	-
Donation	a(iii)	5	-	4	-
Investment purchased	a(i)(b)	-	-	95	-
Dividend paid	a(ii)(a)	147	-	164	-
	a(ii)(b)	175	-	194	-
Travel & Other expenditure incurred	a(ii)(a)	37	11	25	6
	a(ii)(b)	5	-	3	-
Contribution towards CSR Activities	a(iii)	102	-	93	-

c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

37. DISCLOSURES REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

	March 31, 2020		March 31, 2019	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	83	-	48	-
Interest paid by the Group in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	277	1	53	1
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-	-
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	-	-	-	-

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38. ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III TO COMPANIES ACT 2013, OF ENTITIES CONSOLIDATED AS SUBSIDIARIES, ASSOCIATES, JOINT VENTURE AND OTHER CONTROLLED ENTITIES

March 31, 2020

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
PI Industries Limited	87.97%	25,911	96.30%	4,423	-100.4%	(560)	95.88%	3,864
Subsidiaries Indian								
PI Life Science Limited	1.03%	303	0.54%	25	-0.00%	(0)	0.60%	25
PILL finance and investments Limited	0.14%	42	0.02%	1	0.00%	0	0.02%	1
Jivagro Limited	0.01%	2	0.00%	(0)	0.00%	0	0.00%	0
Isagro (Asia) Agrochemicals Private Ltd	10.41%	3,067	2.82%	130	0.40%	2	3.28%	132
Subsidiaries Foreign								
PI Japan Limited	0.07%	22	0.07%	3	0.00%	0	0.07%	3
Associates								
Solinnos Agro Sciences Private Limited	0.02%	6	0.00%	0	0.00%	0	0.00%	0
Joint Venture								
PI Kumiai Private Limited	0.36%	103	0.17%	8	0.00%	0	0.20%	8
Controlled Trust								
PI ESOP Trust	-0.01%	-3	0.07%	3	0.00%	0	0.07%	3
TOTAL	**100%**	**25,453**	**100%**	**4,593**	**100%**	**(558)**	**100%**	**4,030**

March 31, 2019

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
PI Industries Limited	98.56%	22,523	99.41%	4,078	99.75%	77	99.41%	4,155
Subsidiaries Indian								
PI Life Science Limited	0.77%	177	0.46%	19	-0.02%	(0)	0.46%	19
PILL finance and investments Limited	0.18%	41	0.03%	1	0.00%	-	0.03%	1
Subsidiaries Foreign								
PI Japan Limited	0.07%	17	0.05%	2	0.27%	0	0.05%	2
Associates								
Solinnos Agro Sciences Private Limited	0.03%	6	0.01%	0	0.00%	-	0.01%	0
Joint Venture								
PI Kumiai Private Limited	0.42%	96	0.00%	0	0.00%	-	0.00%	0
Controlled Trust								
PI ESOP Trust	-0.03%	(6)	0.04%	2	0.00%	-	0.04%	2
TOTAL	**100%**	**22,854**	**100%**	**4,102**	**100%**	**77**	**100%**	**4,179**

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(All amount in ₹ million, unless otherwise stated)

39. FINANCIAL INSTRUMENTS

1. Financial instruments – Fair values and risk management

A. Financial instruments by category

	Notes	March 31 2020			March 31 2019		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets							
Non-current assets							
Investments	7(a)	70	-	-	70	-	-
Loans	7(c)	-	-	61	-	-	41
Derivative financial instruments	7(g)	-	-	-	-	90	-
Other financial asset	7(g)	-	-	82	-	-	59
Current assets							
Investments	7(b)	1,325	-	-	1,119	-	-
Trade receivables	7(d)	-	-	6,465	-	-	6,618
Cash and cash equivalents	7(e)	-	-	1,244	-	-	614
Bank balances other than cash and cash equivalents	7(f)	-	-	98	-	-	278
Loans and advances	7(c)	-	-	83	-	-	63
Derivative financial instruments	7(g)	-	-	-	-	120	-
Other financial asset	7(g)	-	-	312	-	-	134
TOTAL		**1,395**	**-**	**8,345**	**1,189**	**210**	**7,807**
Financial liabilities							
Non-current liabilities							
Borrowings	15(a)	-	-	3,994	-	-	99
Derivative financial	15(d)	-	258	-	-	-	-
Other financial liabilities	15(d)	-	-	574	-	-	190
Current liabilities							
Borrowings	15(b)	-	-	1,083	-	-	
Trade payables	15(c)	-	-	5,909	-	-	5,130
Derivative financial	15(d)	-	508	-	-	-	-
Other financial liabilities	15(d)	-	-	2,460	-	-	2,419
TOTAL		**-**	**766**	**14,020**	**-**	**-**	**7,838**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Notes	March 31 2020			March 31 2019		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Investment in equity instruments	7(a)	5	-	65	5	-	65
Investment in mutual funds	7(b)	1,325	-	-	1,119	-	-
Derivative financial instruments	7(g)	-	-	-	-	210	-
		1,330	**-**	**65**	**1,124**	**210**	**65**
Financial liabilities							
Derivative financial instruments	15(d)	-	766	-	-	-	-
		-	**766**	**-**	**-**	**-**	**-**

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Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	Notes	March 31 2020			March 31 2019		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	89	-	-	48
Loans and advances to related parties	7(c)	-	-	-	-	-	3
TOTAL		**-**	**-**	**89**	**-**	**-**	**51**
Financial liabilities							
Security deposits from contractors	15(d)	-	-	3	-	-	4
TOTAL		**-**	**-**	**3**	**-**	**-**	**4**

The fair value of cash and cash equivalents, bank balances other than Cash and cash equivalents, trade receivables, short term loans, contract assets, current financial assets, trade payables, current financial liabilities and borrowings approximate their carrying amount, largely due to the short-term nature of these instruments. Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value. Fair value for security deposits (other than perpetual security deposits) has been presented in the above table. Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.

Fair value hierarchy

The table shown above analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1 - This includes financial instruments measured using quoted prices. The mutual funds are valued using closing net assets value (NAV).

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1, level 2 and level 3 during the year.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

The fair values for security deposits (assets & liabilities) were calculated based on present values of cash flows and the discount rates used were adjusted for counterparty or own credit risk. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit.

40. FINANCIAL RISK MANAGEMENT

Risk management framework

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has the overall responsibility for the management of these risks and is supported by Management Advisory Committee that advises on the appropriate financial risk governance framework. The Group has risk management policies and systems in place which are reviewed regularly to reflect changes in market conditions and price risk along with the Group's activities. The Group's audit committee oversees how management monitors compliance with the financial risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Group.

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This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and impact of hedge accounting in the financial statements.

I. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises from the operating activities primarily (trade receivables) and from its financing activities including cash and cash equivalents, deposits with banks, derivatives and other financial instruments. The carrying amount of financial assets represents the maximum credit exposure and is as follows:

Trade and other receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has established a credit policy under which each customer is analysed individually for creditworthiness before the Group's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority. There is one customer having revenue of ₹ 12,353 (March 31, 2019 ₹ 9,551) including an amount of ₹ 7,039 and ₹ 5,314 (March 31, 2019 ₹ 7,053 and ₹ 1,578) arising from shipments to United States of America and Japan respectively.

The concentration of credit risk is limited in domestic market due to the fact that the customer base is large and unrelated. The Group's exports are mainly carried out in countries which have stable economic conditions, where the concentration is relatively higher, however the credit risk is low as the customers have good credit ratings.

The Group computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Group uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward looking information.

The following table provides information about the exposure to credit risk and expected credit loss:

Reconciliation of loss allowance provision – Trade receivables and Interest and Other charges recoverable from customer

	March 31, 2020	March 31, 2019
Opening balance	442	273
On account of acquisition (refer note 44)	153	0
Changes in loss allowance	41	169
Closing balance	**636**	**442**

Cash and cash equivalents, deposits with banks, mutual funds and other financial instruments

Credit risk from balances with banks and other financial instruments is managed by Group in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management and may be updated throughout the year. Group also invests in mutual funds based on the credit ratings, these are reviewed for safety, liquidity and yield on regular basis.

Impairment on cash and cash equivalents, deposits and other financial instruments has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of counterparties.

Based on the assessment there is no impairment in the above financial assets.

Derivatives

The derivatives are entered into with banks and financial institution counterparties which have low credit risk based on external credit ratings of counterparties.

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Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 was as follows:

	March 31, 2020	March 31, 2019
Trade receivables	6,465	6,618
Cash and cash equivalents	1,244	614
Bank balances other than above	98	278
Investments	1,325	1,119
Loans	144	104
Other financial assets	317	403
TOTAL	**9,593**	**9,136**

II. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the dynamic nature of underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecast of Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2020	March 31, 2019
Expiring within one year		
- Fund based (Floating rate)	3,983	1,999
- Non fund based (Fixed rate)	631	1,164

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
March 31, 2020	**Total**	**3 months or less**	**3-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Term Loans from Banks	4,128	108	219	1,361	2,440	-
Interest Accrued but not due on Borrowings	12	12	-	-	-	-
Working capital	1,083	1,083				
Interest Payment on Term Loan	691	47	193	234	217	-
Trade Payables (Due to micro and small enterprises)	83	83	-	-	-	-
Trade Payables (Other Trade Payables)	5,826	5,826	-	-	-	-
Employee payables	642	231	411	-	-	-
Security Deposits from Dealers	255	-	-	-	-	255
Security Deposits from Contractors	3	3	-	-	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	502	502	-	-	-	-
Lease liability	504	71	113	133	157	30
Other Payable	1,013	652	361	-	-	-
TOTAL	**14,749**	**8,625**	**1,297**	**1,728**	**2,814**	**285**

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	Contractual cash flows					
March 31, 2019	**Total**	**3 months or less**	**3-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Term Loans from Banks	492	99	294	99	-	-
Interest Accrued but not due on Borrowings	2	2	-	-	-	-
Trade Payables (Due to micro and small enterprises)	48	48	-	-	-	-
Trade Payables (Other Trade Payables)	5,082	4,801	281	-	-	-
Employee payables	523	180	343	-	-	-
Security Deposits from Dealers	189	-	-	-	-	189
Security Deposits from Contractors	4	1	2	1	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	371	371	-	-	-	-
Other Payable	1,120	287	833	-	-	-
TOTAL	**7,838**	**5,796**	**1,753**	**100**	**-**	**189**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Group is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and market value of its investments. Thus the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign Currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US$ and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (₹). The Group uses forward exchange contracts to hedge its currency risk and are used exclusively for hedging purposes and not for trading and speculative purposes. These forward exchange contracts, carried at fair value, may have varied maturities depending upon the primary host contract requirement and risk management strategy of the Group. The objective of the hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions.

The Group’s risk management policy is to hedge around 50% to 100% of the net exposure with forward exchange contracts. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term requirements. Hedging decisions are based on rolling forex cash flow statement prepared and reviewed on a monthly basis. Such contracts are designated as cash flow hedges.

The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales transaction, therefore the hedge ratio is 1:1. The Group's hedge policy allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective assessments to ensure that an economic relationship exists between the hedged item and the hedged instrument. The Group enters into hedge instruments where the critical terms of hedging instrument are aligned with terms of the hedged item.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the value of the hedging instruments exceeds on an absolute basis the change in the value of the hedged item attributable to the hedged risk. Hedge ineffectiveness may arise due to the following:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or

- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

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Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 expressed in Indian Rupees (₹) are as below:

Non derivative

Particulars	March 31, 2020					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	10	27	-	-	-	-
Trade receivables	4,032	81	15	-	-	-
	4,042	**108**	**15**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	2,363	-	-	-	-	-
Trade payables	3,227	93	-	1	1	0
	5,590	**93**	**-**	**1**	**1**	**0**
Particulars	**March 31, 2019**					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	60	-	-	-	-	-
Trade receivables	3,180	146	-	-	-	-
	3,240	**146**	**-**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	494	-	-	-	-	-
Trade payables	1,396	18	2	0	0	0
	1,890	**18**	**2**	**0**	**0**	**0**

The following significant exchange rates have been applied during the year.

	Year-end spot rate (₹)	
	March 31, 2020	March 31, 2019
USD	75.67	69.16
EUR	82.77	77.67
JPY (100)	69.63	62.42
GBP	93.50	90.53
CHF	78.29	69.43
AUD	46.08	49.02

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Impact of hedging, if any has not been considered here. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
March 31, 2020				
5% movement				
USD	(50)	50	-	-
EUR	0	(0)	-	-
JPY (100)	49	(49)	-	-
GBP	(0)	0	-	-
	(1)	**1**	**-**	**-**

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	Profit or loss, net of tax		Impact on other components of equity, net of tax	
March 31, 2019	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
1% movement				
USD	9	(9)	-	-
EUR	1	(1)	-	-
JPY (100)	(2)	2	-	-
GBP	(0)	0	-	-
	8	**(8)**	**-**	**-**

Interest rate risk

The Group's main interest rate risk arises from long term foreign currency and working capital borrowings at variable rates. Group's investments are primarily in fixed deposits which are short term in nature and do not expose it to interest rate risk. The Group regularly evaluates the interest rate hedging requirement to align with interest rate views and defined risk appetite, in order to ensure most cost effective interest rate risk management.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	March 31, 2020	March 31, 2019
Fixed-rate instruments		
Financial assets	817	833
Financial liabilities	1,740	-
Variable-rate instruments		
Financial liabilities	3,434	492
TOTAL	**5,991**	**1,325**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 bp in interest rates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2020				
Variable-rate instruments	(11.17)	11.17	-	-
Cash flow sensitivity (net)	(11.17)	11.17	-	-
March 31, 2019				
Variable-rate instruments	(1.61)	1.61	-	-
Cash flow sensitivity (net)	(1.61)	1.61	-	-

IV. Price risk

The Group's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Group reviews these mutual fund investments based on safety, liquidity and yield on regular basis.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

V. Impact of Hedging activities

(a). Disclosure of hedge accounting on financial position

March 31, 2020						
Type of hedge and risk	No. of outstanding contracts	Nominal Value	Carrying value of hedging instrument *	Maturity date	Hedge ratio	Weighted average strike price/ rate
Foreign exchange forward contracts	217	17,758	765	April 2020 - September 2023	1:1	US$1: ₹ 75.89

March 31, 2019						
Type of hedge and risk	No. of outstanding contracts	Nominal Value	Carrying value of hedging instrument *	Maturity date	Hedge ratio	Weighted average strike price/ rate
Foreign exchange forward contracts	150	11,637	210	April 2019 - December 2021	1:1	US$1: ₹ 69.16

* Refer Note No. 7(g) and 15(d)

(b). Disclosure of effects of hedge accounting on financial performance

March 31, 2020				
Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	(779)	-	62	Revenue

March 31, 2019				
Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	(145)	-	(265)	Revenue

(c). Movement in the cash flow hedge reserve

Effective portion of Cash flow Hedges	Amount
As at April 01, 2018	**49**
Add: Effective portion of gains/(losses) on cash flow hedges	(145)
Less: Amount reclassified to profit and loss account	(265)
Less: Deferred tax relating to above	42
As at March 31, 2019	**127**
Add: Effective portion of gains/(losses) on cash flow hedges	(779)
Less: Amount reclassified to profit and loss account	62
Less: Deferred tax relating to above	(294)
As at March 31, 2020	**(420)**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

(d). Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
March 31, 2020				
5% movement				
USD	-	-	578	(578)
March 31, 2019				
1% movement				
USD	-	-	76	76

41. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's Capital management is to maximise shareholder's value. The Group manages its capital and makes adjustment to it in light of the changes in economic and market conditions.

The Group manages capital using gearing ratio, which is total debt divided by total equity. The gearing ratio at the end of the reporting period was as follows:

		March 31, 2020	March 31, 2019
Borrowings (Non-current)		3,994	99
Borrowings (Current)		1,180	393
Total Debt	A	5,174	492
Total Equity	B	26,191	22,854
Debt to Equity ratio	A/B	0.20	0.02

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year.
Also refer note 14 relating to details on dividend declared and distributed.

42. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

	March 31, 2020	March 31, 2019
Property, plant and equipment		
First charge	6,169	1,805
Second charge	11,707	6,378
Floating charge	18,400	16,875
TOTAL	**36,276**	**25,058**

43. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IND AS 116 Leases on the Company's consolidated financial statements.

The group has adopted IND AS 116 Leases retrospectively from 1 April 2019 with the cumulative effect of initially applying the standard recognised at the date of initial application but has not restated comparatives for the 2018 reporting period. The group has measured right-of-use asset at an amount equal to the lease liability, adjusted by the amounts of prepaid lease payments relating to lease recognised in the balance sheet immediately before the date of initial application.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

The measurement principles of Ind AS 116 are only applied after that date.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

(i) **Practical Expedient Applied:** In applying Ind AS 116 for the first time, the group has used the following practical expedients permitted by the standard:

- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- Excluding all lease having underlying asset having value less than INR 0.25 for lease accounting as low value assets.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying Ind AS 17 and Interpretation for Determining whether an Arrangement contains a Lease.

(ii) **Measurement of lease liabilities**

On adoption of Ind AS 116, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 10% p.a.

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	**328**
Discounted using the lessee's incremental borrowing rate of at the date of initial Application	**462**
Add: finance lease liabilities recognised as at 31 March 2019	0
(Less): short-term leases not recognised as a liability	(17)
(Less): low-value leases not recognised as a liability	(25)
Add/(less): adjustments as a result of a different treatment of extension and termination options	(3)
Lease liability recognised as at 1 April 2019	**417**
Of which are:	
Current lease liabilities	120
Non-current lease liabilities	297

(iii) **Measurement of Right-of-Use assets**

The associated right-of-use assets for offices, warehouses, IT equipment and vehicles assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at April 1, 2019.

(iv) **Amount recognised in the balance sheet related to leases:**

Particulars	Balance as at March 31, 2019	Change on adoption of IND AS 116	Balance as at April 1, 2019
Property, Plant and equipment: Right of use assets	-	425	425
Other Assets: Prepaid rent	8	0	8
Other Financial liabilities: Lease Liability	-	417	417
Retained Earnings	22,716	-	22,716
Deferred Tax Asset	141	-	141

(v) **Amount Recognized in the statement of Profit or loss relating to leases**

Particulars	Year ended 31st March, 2020 before adopting IND AS 116	Changes due to IND AS 116 increase/ (decrease)	Year ended 31st March, 2020 as reported
Other Expenses	5,001	(197)	4,804
Finance Cost	124	46	170
Depreciation and amortisation expense	1,183	184	1,367
Profit before tax [(increase)/ decrease]	**6,005**	**33**	**6,138**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

(vi) The balance sheet shows the following amounts relating to leases:

Particulars	March 31, 2020
Right of Use Asset:	
Buildings	258
Office Equipment	14
Vehicles	190
Leasehold Land	576
Total	**1038**
Lease Liabilities	
Current	184
Non-Current	320
Total	**504**

Addition of Right-of-use Asset during the 2019-20 financial year was ₹ 184.

44. BUSINESS COMBINATION:

On December 27, 2019, the Group acquired 100% of the issued equity shares in Isagro (Asia) Agrochemicals Private Limited, for consideration of INR 4,432.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	Amount
Total Purchase consideration (Refer note (ii) below)	4,432

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
Cash and cash equivalents	87
Fixed Deposits	11
Current Investments	1,037
Property, plant and equipment including Intangibles Assets (refer note 4)	750
Intangibles (refer note 5)	327
Capital Work in Progress	14
Inventories	780
Trade and other assets	1,475
Trade and other payables	(918)
Net deferred tax assets	41
Net identifiable assets acquired	3,604
Add : Goodwill	828
Total purchase consideration	4,432

If any new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.(Also, refer note (ii) below)

The goodwill is attributable to Isagro's strong position, profitability and synergies expected to arise after the company's acquisition of the subsidiary.

i. Acquisition-related costs

Acquisition-related costs of ₹ 7.4 are included in other expenses in profit or loss.

ii. The Consideration for acquisition of Isagro (Asia) Agrochemicals Private Limited includes an amount of ₹ 212 which is subject to final adjustments in accordance with share purchase agreement.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

(All amount in ₹ million, unless otherwise stated)

iii. Acquired receivables The fair value of trade and other receivables is ₹ 1,475 and includes trade receivables with of ₹ 1,079 (net of allowance of doubtful debts of ₹ 153).

iv. Revenue and Profit Contribution

The acquired business contributed revenues of ₹ 601 and net profit/(loss) after tax of ₹ 130 to the group for the period from 28 December 2019 to 31 March 2020. If the acquisition had occurred on 1 April 2019, consolidated revenue and consolidated net profit for the year ended 31 March 2020 would have been ₹ 36,077 and ₹ 4,485 respectively.

The goodwill is tested for impairment annually. The recoverable amount of Goodwill has been determined from a value in use calculation which require the use of assumptions. The value in use calculation uses cash flow forecasts based on the most recently approved financial budgets and business projections by the management, which cover a period of five years. Key assumptions underlying the value in use calculation are those regarding expected revenues and introduction of new trading products and a pre-tax discount rate of 15% per annum. Sales growth projections considers managements' expectation of market development, current industry trends and pre-tax discount rate based on the relevant risks. 4% growth rate has been used to extrapolate the cash flow projections beyond the five-year period of the approved financial budgets. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

The Isagro business is to be reorganized such that the domestic retail activities undertaken by Isagro will be transferred to Jivagro Limited and rest of the activities will be merged into PI Industries. This reorganization will be undertaken with effect from the date of acquisition of the Isagro business by PI Industries viz December 27, 2019 through a scheme of reorganization to be filed before the National Company Law Tribunal. The Board of Directors of the Company has authorised to submit scheme of arrangement for filing with the Court.

45. Consequent to the nationwide lockdown announced on 24th March 2020, Company's operations were disrupted at R&D facilities at Udaipur, manufacturing facilities at Gujarat and sales depots across the country. This resulted in partial deferment of Company's domestic and export revenues for the month of March 2020 to the next quarter. The Company has since been able to resume operations at its various sites from the beginning of April in a gradual manner and management believes that being into an essential commodity, there is no significant impact of COVID-19 pandemic on the current and future business condition of the Company, financial statements liquidity position and cash flow and has concluded that no material adjustments are required in the financial statements. Management will continue to closely monitor the situation.

46. EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on June 04 2020 have recommended final dividend for the year ended March 31, 2020 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 14(B) for details.

This is the notes to the consolidated financial statements referred to our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Chartered Accountants
Firm Reg. No. 012754N/N500016

Sd/-
Sougata Mukherjee
Partner
Membership Number: 057084

Place: Gurugram
Date: June 04, 2020

For and on behalf of the Board of Directors

Sd/-
Mayank Singhal
Vice Chairman & Managing Director
DIN: 00006651

Sd/-
Rajnish Sarna
Director
DIN: 06429468

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Annexure 'B'

Form No.MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Isagro (Asia) Agrochemicals Private Limited
CIN: U24299MH2001PTC133128
Unit No. 32, Kalpataru Square,
Kondivita Lane, R. K. Mandir Road,
Off. Andheri Kurla Road,
Andheri (East), Mumbai - 400 059.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Isagro (Asia) Agrochemicals Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020** ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(Not applicable to the Company during the Audit Period)**;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **(Not applicable to the Company during the Audit Period)**;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **(Not applicable to the Company during the Audit Period)**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(vi) The following other Acts, Laws and Regulations which are applicable specifically to the Company:

a) The Insecticide Act, 1968;

b) Essential Commodities Act, 1955;

c) The Explosive Act, 1884;

d) Poisons Act, 1919;

e) Indian Boiler Act, 1923.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except minor delay in filing some of the e-forms with the Registrar of Companies, Maharashtra.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent as per the provisions of Section 176 of the Companies Act, 2013, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following specific events/actions have a major bearing on the Company's affairs:

1. Execution of Share Purchase Agreement dated November 4, 2019 ("Share Purchase Agreement") with PI Industries Limited ("Buyer 1") and PI Life Science Research Limited ("Buyer 2") in relation to sale of the 100% shareholding of the Company (14,862,903 equity shares of Rs. 10 each) ("Sale Shares") held by Isagro S.P.A ('Seller 1') and Isagro Espana S.L. ('Seller 2').

2. Pursuant to the execution of Share Purchase Agreement dated November 4, 2019 and addendum to the Share Purchase Agreement dated December 27, 2019, the Company i.e. Isagro (Asia) Agrochemicals Private Limited has become a wholly owned subsidiary company of PI Industries Limited (having CIN: L24211RJ1946PLC000469).

3. The Board of Directors of the Company has approved the Scheme of Arrangement ("Scheme') between Isagro (Asia) Agrochemicals Private Limited ("Demerged Company") and Jivagro Limited ("Resulting Company") and their respective shareholders.

4. The Board of Directors of the Company has approved the Scheme of Amalgamation ("Scheme') between Isagro (Asia) Agrochemicals Private Limited ("Transferor Company") and its Holding Company PI Industries Limited ("Transferee Company") and their respective shareholders.

For **N. Bagaria & Associates**
Company Secretaries

Sd/-
Narottam Bagaria
Partner
Membership No.: FCS 5443
C. P. No.: 4361
UDIN: F005443B000271478

Place: Mumbai
Dated: 22nd May, 2020

Encl: Annexure "1" forming an integral part of this Report.

Annexure 1

To,
The Members,
Isagro (Asia) Agrochemicals Private Limited

Our Report of even date is to be read alongwith this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation with respect to compliance of laws, rules and regulations and of significant events during the year.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis to the extent applicable to the Company.

6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **N. Bagaria & Associates**
Company Secretaries

Sd/-
Narottam Bagaria
Partner
Membership No.: FCS 5443
C. P. No.: 4361
UDIN: F005443B000271478

Place: Mumbai
Dated: 22nd May, 2020