Independent Auditors' Report

To the Board of Directors

Isagro (Asia) Agrochemicals Private Limited

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements ('the Financial Statements') of Isagro (Asia) Agrochemicals Private Limited ("the Company") which comprise the special purpose balance sheet as at March 31, 2020, special purpose statement of profit and loss, special purpose cash flow statement and special purpose statement of changes in equity for the period from December 27, 2019 (end of business hours) to March 31, 2020 (the Period) ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 its profit (including other comprehensive income), its cash flows and changes in the equity for the period ended on that date.

Basis for Opinion

We conducted our audit of the financial statements 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 audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian accounting standards (Ind AS) prescribed under Section 133 of the Act read with relevant Rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

In preparing these Financial Statements, the respective Board of Directors of the Company are responsible for assessing the ability of the Company 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 Financial Statements

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.

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 system 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.

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.

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.

Report on Other Legal and Regulatory Requirements

Clause (i) of section 143(3) of the Act, with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls as at March 31, 2020, refer our separate report in "Annexure A"; and

Restriction on Use

This report is furnished solely for use in preparing the consolidated financial statements for the period ended March 31, 2020 of PI Industries Limited the holding company. It is not to be used for any other purpose, or referred to in any other document, or distributed to anyone without our written prior consent.

For **S.S. KOTHARI MEHTA & COMPANY**
Chartered Accountants
Firm's Registration No. 000756N

Sd/-
AMIT GOEL
Partner
Membership No. 500607

Place: Gurugram
Date: May 22, 2020
UDIN: 20500607AAAACK2910

Annexure A to the Independent Auditor's Report to the Members of Isagro (Asia) Agrochemicals Private Limited dated May 22, 2020.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of Isagro (Asia) Agrochemicals Private Limited (" the Company ") as of March 31, 2020 in conjunction with our audit of the financial Statements of the Company for the period from December 27, 2019 (end of business hours) to March 31, 2020 on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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". 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and 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 Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting includes those policies and procedures that:

a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b) 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 authorizations of management and directors of the company; and

c) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting 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.

For **S.S. KOTHARI MEHTA & COMPANY**
Chartered Accountants
Firm's Registration No. 000756N

Sd/-
AMIT GOEL
Partner
Membership No. 500607

Place: Gurugram
Date: May 22, 2020
UDIN: 20500607AAAACK2910

Special Purpose Balance Sheet

as at March 31, 2020

(₹ In Millions)

	Particulars	Notes No.	As at March 31, 2020
I.	**ASSETS**		
(1)	**NON CURRENT ASSETS**		
	(a) Property, Plant and Equipment	3A	401
	(b) Capital Work-in-Progress		10
	(c) Intangible Assets	3B	1
	(d) Financial Assets		
	(1) Loans	4	23
	(2) Other Financial Assets	5	0
	(e) Deferred Tax Assets (Net)	6A	0
	(f) Other Non-current Assets	7	53
	Total Non-current Assets		**488**
(2)	**CURRENT ASSETS**		
	(a) Inventories	8	792
	(b) Financial Assets		
	(1) Trade Receivables	9	988
	(2) Cash and cash equivalents	10	107
	(3) Bank Balances other than (2) above	10	2
	(4) Investments	11	1,325
	(5) Loans	4	18
	(6) Other Financial Assets	5	6
	(c) Other Current Assets	7	207
	(d) Current Tax Assets (Net)	6B	59
	Total Current Assets		**3,504**
	TOTAL ASSETS		**3,992**
II.	**EQUITY AND LIABILITIES**		
	EQUITY		
	(a) Equity Share Capital	12	149
	(b) Other Equity	13	2,918
	Total Equity		**3,067**
	LIABILITIES		
(1)	**NON CURRENT LIABILITIES**		
	(a) Provisions	14	15
	(b) Financial Liabilities		
	(1) Other Financial Liabilities	17	83
	Total Non Current Liabilities		**98**
(2)	**CURRENT LIABILITIES**		
	(a) Financial Liabilities		
	(1) Borrowings	15	-
	(2) Trade Payables		
	Total outstanding dues of micro enterprises and small enterprises	16	26
	Total outstanding dues other than micro enterprises and small enterprises	16	369
	(3) Other Financial Liabilities	17	245
	(b) Provisions	14	140
	(c) Other Current Liabilities	18	47
	Total Current Liabilities		**827**
	Total Liabilities		**925**
	TOTAL EQUITY AND LIABILITIES		**3,992**
	Significant accounting policies	**2**	

Accompanying notes referred to above form an integral part of these special purpose financial statements.

As per our report of even date

For **S.S. Kothari Mehta & Company**
Chartered Accountants
Firm Reg. No. 000756N

Sd/-
Amit Goel
Partner
M. No. 500607
Place: Gurgaon
Date: 22nd May, 2020

For and on behalf of the Board of Directors
Isagro (Asia) Agrochemicals Private Limited

Sd/-	Sd/-	Sd/-	Sd/-
Sankar Ramamurthy	**Subhash Chand Anand**	**Surender Singh Rathore**	**Karishma Patel**
Director	Director	Chief Financial Officer	Company Secretary
DIN: 02478172	DIN: 07348933		
Gurgaon	Gurgaon	Gurgaon	Mumbai
22nd May, 2020	22nd May, 2020	22nd May, 2020	22nd May, 2020

Special Purpose Statement of Profit & Loss

For the period December 27, 2019 to March 31, 2020

(₹ In Millions)

	Particulars	Notes No.	For the period December 27, 2019 to March 31, 2020
	INCOME		
I.	Revenue from Operations	19	601
II.	Other Income	20	78
III.	**Total Income (I + II)**		**679**
IV.	**EXPENSES:**		
	(a) Cost of raw materials consumed	21	324
	(b) Purchases of stock-in-trade	22A	23
	(c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22B	1
	(d) Employee benefits expense	23	75
	(e) Finance costs	24	2
	(f) Depreciation and amortisation expenses	25	11
	(g) Other expenses	26	69
	Total expenses (IV)		**505**
V.	**Profit before Tax (III-IV)**		**174**
VI.	**Tax Expenses**		
	(a) Current Tax		3
	(b) Deferred Tax		41
	Total Tax Expenses		**44**
	Profit for the Period (V-VI)		**130**
VII.	**OTHER COMPREHENSIVE INCOME**		
	A. Items that will not be reclassified to Profit or Loss		
	Remeasurement (Loss) / Gain of the defined benefit plans		3
	Income tax relating to above		(1)
	Total Other Comprehensive (Loss)/Income for the Period		**2**
VIII.	**Total Comprehensive Income for the Period**		**132**
IX.	**Earnings per Equity Share with Face Value of ₹ 10 each**	29	**8.74**
	Basic and Diluted Earnings Per Share		
	Significant accounting policies	2	

Accompanying notes referred to above form an integral part of these special purpose financial statements.

As per our report of even date

For **S.S. Kothari Mehta & Company**
Chartered Accountants
Firm Reg. No. 000756N

Sd/-
Amit Goel
Partner
M. No. 500607
Place: Gurgaon
Date: 22nd May, 2020

For and on behalf of the Board of Directors
Isagro (Asia) Agrochemicals Private Limited

Sd/-
Sankar Ramamurthy
Director
DIN: 02478172
Gurgaon
22nd May, 2020

Sd/-
Subhash Chand Anand
Director
DIN: 07348933
Gurgaon
22nd May, 2020

Sd/-
Surender Singh Rathore
Chief Financial Officer
Gurgaon
22nd May, 2020

Sd/-
Karishma Patel
Company Secretary
Mumbai
22nd May, 2020

Special Purpose Statement of Changes in Equity

For the period December 27, 2019 To March 31, 2020

(₹ In Millions)

a. Equity share capital

	Amount
Balance as at December 27, 2019	149
Changes in equity share capital	-
Balance as at March 31, 2020	**149**

b. Other equity

	Reserves and surplus			Total
	Securities premium	Capital redemption reserve	Retained earnings	
Balance as at December 27, 2019 (Unaudited)	**552**	**11**	**2,223**	**2,786**
Profit for the period from December 28,2019 to March 31, 2020	-	-	130	130
Other comprehensive (Loss)/Income for the period from December 27, 2019 to March 31, 2020	-	-	2	2
Total Comprehensive income for the period	**-**	**-**	**132**	**132**
Dividend	-	-	-	-
Dividend distribution tax	-	-	-	-
Balance as at March 31, 2020	**552**	**11**	**2,355**	**2,918**

As per our report of even date

For **S.S. Kothari Mehta & Company**
Chartered Accountants
Firm Reg. No. 000756N

Sd/-
Amit Goel
Partner
M. No. 500607
Place: Gurgaon
Date: 22nd May, 2020

For and on behalf of the Board of Directors
Isagro (Asia) Agrochemicals Private Limited

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Sankar Ramamurthy
Director
DIN: 02478172
Gurgaon
22nd May, 2020

Sd/-
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Gurgaon
22nd May, 2020

Sd/-
Surender Singh Rathore
Chief Financial Officer
Gurgaon
22nd May, 2020

Sd/-
Karishma Patel
Company Secretary
Mumbai
22nd May, 2020

Special Purpose Statement of Cash Flows

For the period December 27, 2019 to March 31, 2020

(₹ In Millions)

	Particulars	For the period December 27, 2019 to March 31, 2020
A.	**Cash flow from operating activities**	
	Profit before taxation	**174**
	Adjustments For :	
	Depreciation and amortization expense	**11**
	(Gain) on fair valuation of investments	(22)
	Interest from bank on deposits	(0)
	Dividend income from current investments	(0)
	Allowances for doubtful debt receivable	(47)
	Unrealised foreign exchange Loss (net)	(7)
	Interest Expense	2
	Operating Profit before working capital changes	**111**
	Adjustments For :	
	(Increase) / Decrease in inventories	(12)
	Decrease / (Increase) in trade receivables	147
	Decrease / (Increase) in financial assets	(6)
	(Increase) in other assets	58
	(Decrease) / Increase in trade payables	58
	Increase in other financial liability	(76)
	Increase / (Decrease) in provisions & other liability	26
	Working capital changes	**195**
	Cash generated from operations	**306**
	Income taxes paid (net)	(21)
	Net Cash generated from operating activities	**285**
B.	**Cash flow from investing activities**	
	Purchase of property, plant & equipment	(4)
	Investments in mutual funds	(786)
	Proceeds from sale of Investment in Mutual Funds	516
	Gain on Investment (realised)	5
	Proceeds from maturity of deposits from Bank not considered as Cash and Cash Equivalent	9
	Interest from bank on deposits	0
	Dividend income from current investments	0
	Net Cash (used in) Investing Activities	**(260)**
C.	**Cash Flow From Financing Activities**	
	Interest paid	(2)
	Lease Liability Paid	(4)
	Net Cash generated (used in) Financing Activities	**(6)**
	Net increase In Cash and Cash Equivalents (A+B+C)	**19**
	Cash and Cash Equivalents at beginning of year	87
	Effect of exchange rate changes on the balances of cash & cash equivalent held in foreign currency	1
	Cash and Cash Equivalents at the end of year (Refer note 10)	**107**

As per our report of even date

For **S.S. Kothari Mehta & Company**
Chartered Accountants
Firm Reg. No. 000756N

Sd/-
Amit Goel
Partner
M. No. 500607
Place: Gurgaon
Date: 22nd May, 2020

For and on behalf of the Board of Directors
Isagro (Asia) Agrochemicals Private Limited

Sd/-	Sd/-	Sd/-	Sd/-
Sankar Ramamurthy	**Subhash Chand Anand**	**Surender Singh Rathore**	**Karishma Patel**
Director	Director	Chief Financial Officer	Company Secretary
DIN: 02478172	DIN: 07348933		
Gurgaon	Gurgaon	Gurgaon	Mumbai
22nd May, 2020	22nd May, 2020	22nd May, 2020	22nd May, 2020

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020
(All amount in ₹ million, unless otherwise stated)

1. Corporate information

Isagro (Asia) Agrochemicals Private Limited (the Company) is a private company having registered office at Unit No. 32, 3rd Floor, Kalpataru Square, Kondivita Lane, Andheri (East), Mumbai-400059, Maharashtra, India and incorporated under the provisions of the Companies Act, 2013. The Company was a wholly owned subsidiary of Isagro S.p.A, Italy upto 27th December 2019 and from end of business hours of 27th December 2019, The Company is wholly owned by PI Industries Ltd, India. The Company is engaged in the business of manufacturing and trading of agro chemicals, technical grade pesticides and formulations. The Company has presence in both domestic and international markets.

2. Basis of preparation, key accounting estimates and significant accounting policies

2.1 Basis of preparation of financial statements:

Compliance with Ind AS

The financial statements of the Company are based on the principle of the historical cost except for certain financial assets and liabilities and defined benefit plan that are measured at fair value, and are drawn up to comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015, as amended time to time and other relevant provisions of the Act.

This special purpose financial statements for the period from December 27, 2019 to March 31, 2020. These financial statements have been prepared by the Company to the extent required by PI Industries Limited ("PIL") for the purpose of preparation of their consolidated financial statements for the year ended March 31, 2020.

All amounts disclosed in the special purpose financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

These special purpose financial statements are authorised for issue by the Board of Directors on May 22, 2020.

2.2 Functional and Presentation Currency

The special purpose financial statements are presented in Indian Rupee (Rs) which is also the Company's functional currency. The sign '0' in these special purpose financial statements indicates that the amounts involved are below (Rs) five lakhs and the sign '-' indicates that amounts are nil.

2.3 Critical Accounting Estimates and judgments

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the special purpose financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

ii. Defined benefit plans (gratuity benefits)

A liability in respect of defined benefit plans is recognized in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer Note 31 for details of the key assumptions used in determining the accounting for these plans.

iii. Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets as disclosed in note 3A and 3B are depreciated / amortized over their useful economic lives. Management reviews the useful economic lives at least once a year and any changes could affect the depreciation / amortization expense prospectively and hence the asset carrying values.

iv. Recognition of deferred tax assets

A deferred tax asset is recognized for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The management assumes that taxable profits will be available while recognizing deferred tax assets. A deferred tax asset is recognized for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The management assumes that taxable profits will be available while recognizing deferred tax assets.

2.4 Summary of Significant accounting policies

a) Operating cycle

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.

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Revenue recognition

i) Sale of Goods

Revenue from the sale of goods is recognised on the basis of customer contracts and performance obligations contained therein. Revenue is recognised at a point in time when the control of goods is transferred to customer, this is generally when the goods are delivered to the customer's location. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from goods or services. Revenue from delivery of goods is recognised at a point in time based on an overall assessment of the existence of a right to payment, the transfer of physical possession, the transfer of risks and rewards, and acceptance by the customer.

Revenue is reduced by goods and service tax and for actual and expected sales deductions resulting from sales returns, rebates, discounts. Sales deductions are estimated on the basis of historical experience, specific contractual terms and future expectations of sales development. Sales are reduced on the date of sale or on the date when the amount can be reasonably estimated.

ii) Interest & dividend income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. 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 that asset's net carrying amount on initial recognition. Dividend income from investments is recognized when the right to receive dividend is established.

iii) Export incentive

Export entitlements in the form of Merchandise Export from India Scheme (MEIS) and duty draw back are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

c) Foreign currencies - transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historic cost in a foreign currency are not retranslated.

d) Fair value measurements

The Company measures financial instruments, such as, investments at fair value at each balance sheet date on a portfolio basis.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the special purpose financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level** 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- **Level 2 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- **Level 3 —** Valuation techniques for which the lowest level

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020
(All amount in ₹ million, unless otherwise stated)

input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the special purpose financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e) **Property, Plant & Equipment**

Property, plant and equipment (PPE) and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Capital work-in-progress comprises cost of PPE that are not yet installed and ready for their intended use at the balance sheet date.

Cost comprises of purchase/acquisition price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities) and any directly attributable cost of bringing the asset to its working condition for its intended use, including relevant borrowing costs for qualifying assets and any expected cost of decommissioning.

Derecognition of Property Plant & Equipment

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

Deemed cost on transition to Ind AS

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation on property, plant and equipment of the Company has been provided on the straight-line method as per the following useful life:

Particulars	Estimated Useful Life
Building	3 – 60 Years
Plant & Equipment (Including Electrical Installation and Laboratory Equipment)	10 – 25 Years
Furniture & fixtures	10 Years
Vehicle	8 Years
Office Equipment	5 – 10 Years
Computers	3 – 6 Years

f) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost include acquisition and other incidental cost related to acquiring the intangible asset.

The useful life is considered to be 3 – 4 years.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

Deemed cost on transition to Ind AS

On transition to Ind AS, the Company had elected to continue with the carrying value of all intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Intangible assets are amortized over a period of ten years.

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

g) Impairment of Property Plant & Equipment and Intangibles assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

h) Inventories

(i) Inventories encompass goods consumed in production (raw materials, packing materials and stores and spare parts), goods in the production process for sale (work-in-progress) and goods held for sale in the ordinary course of business (finished goods and stock-in-trade). Inventories are recognized at the lower of their cost of acquisition calculated by the weighted average method and at their net realizable value.

(ii) Inventories include Goods-in-transit and goods lying with vendors for job-work.

(iii) 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.

i) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

j) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair value through Profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

(a) Financial Assets

Initial recognition and measurement

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets 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.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Investments in mutual funds

All mutual fund investments in scope of Ind AS 109 are measured at fair value. These investments which

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020
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are held for trading are classified as at FVTPL. The classification is made on initial recognition and is irrevocable.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

– The rights to receive cash flows from the asset have expired, or

– The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the company has transferred substantially all the risks and rewards of the asset, or the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 (referred to as 'contractual revenue receivables' in these special purpose financial statements).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

– Trade receivables and

– Other receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original Effective Interest Rate (EIR). When estimating the cash flows, an entity is required to consider:

– All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

– Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

– Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables.

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

Foreign Exchange gains and losses

`The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortized cost, the exchange differences are recognized in the Statement of Profit and Loss.

(b) Financial Liabilities and Equity Instruments

I. Financial Liability

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

Financials liabilities that are not held for trade and are not designated at FVTPL are measured at Amortized cost which is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Foreign Exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are included in the Statement of Profit and Loss.

II. Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

l) Derivative financial instruments – Forward Currency Contracts

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognized in the Statement of Profit and Loss.

m) Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the special purpose Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes forming part of special purpose financial statements

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Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and Deferred Tax for the year

Current and deferred tax are recognized in profit or loss, except when they are relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

n) Employee Benefits Plans

(i) **Defined Contribution Plan**

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are recognized as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(ii) Defined benefit plan/long-term compensated absences

The Company's liabilities towards gratuity and compensated absences are determined as at the end of the reporting date by an independent actuary using the Projected Unit Credit method. Remeasurements, comprising of actuarial gains and losses, experience adjustments and the return on plan assets is reflected immediately in the Balance Sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earning and is not reclassified to the Statement of Profit and Loss. Past service cost is recognized in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

– service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)

– net interest expenses or income and

– measurement

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plans.

Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on the Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimated terms of the defined benefit obligation

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

o) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis from the commencement date over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

The right-of-use assets are also subject to impairment.

ii) **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease payments have been classified as cash used in financing activities.

iii) **Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

p) **Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Provisions are not recognized for future operating losses.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent assets is not recognized unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

q) **Earning per share**

Basic & Diluted Earnings Per Share

Basic earnings per share are 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 the 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.

r) **Cash Dividend**

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

s) **Segment Reporting**

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments.

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

3A PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Plant and Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total Property, Plant & Equipment
Deemed cost								
As at December 27, 2019	36	190	270	5	8	4	5	518
Right to use	-	-	-	-	-	-	-	-
Additions	-	-	6	-	-	-	0	6
Disposal	-	-	-	-	-	-	-	-
As at March 31, 2020	**36**	**190**	**276**	**5**	**8**	**4**	**6**	**524**
Accumulated Depreciation								
As at December 27, 2019	0	44	58	2	3	2	3	112
Amortization (Right to use)	-	5	-	-	-	-	-	5
Amortization due to Reclassification*	0	-	-	-	-	-	-	0
Depreciation expense	-	2	4	0	0	0	(0)	6
Eliminated on disposal of assets	-	-	-	-	-	-	-	-
As at March 31, 2020	**0**	**51**	**62**	**2**	**3**	**2**	**3**	**123**
Net Carrying Value								
As at March 31, 2020	**36**	**139**	**214**	**3**	**5**	**2**	**2**	**401**

Refer note no. 27 for disclosure of contractual commitments for acquisition of Property, Plant & Equipment.

*In compliance with IND AS 116, prepaid rent for Land reclassified from Other Non Current asset to Property Plant & Equipment (Leasehold Land).

3B INTANGIBLE ASSETS

	Computer software
Deemed Cost	
As at December 27, 2019	4
Additions	0
Disposal	0
As at March 31, 2020	**4**
Accumulated Amortization	
As at December 27, 2019	3
Amortization for the Period	0
Eliminated on disposal of assets	0
As at March 31, 2020	**3**
Net Carrying Value	
As at March 31, 2020	**1**

4. LOANS

	Non-current	Current
	As at March 31, 2020	As at March 31, 2020
Unsecured and considered good		
(1) Advances to Employees	-	4
(2) Security Deposits	23	14
Total	**23**	**18**

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

5 OTHERS FINANCIAL ASSETS

	Non-current	Current
	As at March 31, 2020	As at March 31, 2020
Considered Good		
(1) Fixed Deposits with Banks [(with maturity more than 12 months) (Refer Note 10)]	0	-
(2) Accruals		
(a) Interest Accrued on Fixed Deposits	-	0
(b) Interest Accrued on Other Deposits	-	1
(3) Others		
(a) Contractually Reimbursable Expenses	-	5
Total	**0**	**6**

6A. Deferred tax Assets (net)

	As at March 31, 2020
Deferred tax assets	66
Deferred tax liabilities	(66)
Deferred Tax Assets/(Liabilities) (net)	**0**

Movement in temporary differences

	Balance as at December 27, 2019	For the period December 27, 2019 to March 31, 2020		Balance as at March 31, 2020
		in Statement of Profit and Loss	in Other Comprehensive Income	
Deferred tax assets / (liabilities) in relation to:				
Property, plant and equipment and intangible assets	(37)	(0)	-	(37)
Provisions for employee benefits	8	0	(1)	7
Allowances for doubtful trade receivables	38	(12)	-	26
Fair value of financial instruments	(25)	(4)	-	(29)
Income Tax carried forward loss	25	(25)	-	-
Other temporary differences	33	0	-	33
	42	**(41)**	**(1)**	**0**

Reconciliation of Deferred tax assets/Liabilities (net):

	For the period December 27, 2019 to March 31, 2020
Opening Balance	**42**
Deferred tax income / (expense) during the period recognised in the Statement of Profit or Loss	(41)
Deferred tax income / (expense) during the period recognised in the Statement of Other Comprehensive Income	(1)
Closing balance	**0**

Note:

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes forming part of special purpose financial statements

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(All amount in ₹ million, unless otherwise stated)

6B. Income tax assets (net), Current tax liabilities (net) and Current tax expense

	As at March 31, 2020
Advance payment of tax (net of provision of ₹ 1149)	59

Major components of income tax expense for the year

Income Tax recognised in profit and loss

	For the period December 27, 2019 to March 31, 2020
Current tax	**3**
In respect of prior years	-
	3
Deferred tax	
In respect of the current period	41
	41
Total income tax expense recognised in the Statement of Profit and Loss	**44**

(1) The reconciliation of estimated income tax expense at Indian Statutory income tax rate to income tax expense reported in Statement of Profit and Loss

	For the period December 27, 2019 to March 31, 2020
Profit before tax	**174**
Indian Statutory income tax rate	**25.168%**
Income tax expense	44
Others	0
Income tax expense recognised in the Statement of Profit and Loss	**44**

* The Company has chosen to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and tax) under section 115BAA of the Income Tax Act, 1961 effective April 01, 2019. Accordingly Company has taken the Impact on current tax liability and deferred tax.

(2) Income tax recognised in other comprehensive income

	For the period December 27, 2019 to March 31, 2020
Arising on income and expenses recognised in other comprehensive income:	
Re-measurement of the defined benefit obligations	(1)
Total income tax recognised in other comprehensive income	**(1)**

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

7. OTHER ASSETS

	Non-current	Current
	As at March 31, 2020	As at March 31, 2020
1) Advances paid to Suppliers	-	5
2) Capital Advances	3	-
3) Prepaid Expenses	-	6
4) Balances with Government Authorities		
(a) Export Benefits Receivable	-	32
(b) Others (GST, VAT, Excise etc Receivable)	50	164
Total	**53**	**207**

Balances with Government Authorities includes amount of ₹21 deposited with Excise Duty authorities under protest.

8. INVENTORIES

(At lower of cost and net realisable value)

	As at March 31, 2020
1) Raw Materials [Including Material-in-Transit ₹Nil]	309
2) Work-in-progress	63
3) Finished Goods [Including Stock-in-Transit ₹ 36]	384
4) Packing Materials and Stores and Spares (including Fuel)	36
Total	**792**

During the period ended March 31, 2020, an amount of ₹ 7 was charged to the Statement of Profit and Loss on account of damaged and slow moving inventories.

The above inventories have been hypothecated as security for bank facilities availed by the Company.

9 TRADE RECEIVABLES

	As at March 31, 2020
Secured, Considered Good	-
Unsecured - Considered Good	988
Unsecured - Considered Doubtful	106
Less: Allowances for doubtful trade receivables (including Expected credit loss) (Refer Note 38)	(106)
Total	**988**

1. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
2. For related party receivables Nil (Refer Note 30).
3. Trade receivables are non-interest bearing and are generally on terms of 90 Days.
4. The above trade receivables have been hypothecated as security for bank facilities availed by the Company. (Refer Note. 34)

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

10 CASH AND CASH EQUIVALENTS

	Non-current As at March 31, 2020	Current As at March 31, 2020
1) Cash and Cash Equivalents		
(a) Cash on Hand	-	0
(b) Balance with Banks:		
In current accounts	-	71
In EEFC accounts	-	27
Deposits with original maturity less than 3 months *	-	9
	-	**107**
2) Other Bank Balances:		
a) Deposits with original maturity for more than 12 months *	0	-
b) Deposits with original maturity for more than 3 months but less than 12 months *	-	2
	0	**2**
Amount disclosed under Non-current - Other Financial Assets (Refer Note 5)	0	-
Total	**-**	**109**

* Includes deposits of ₹11 held as lien against bank facility or with Govt Authority.

11. INVESTMENTS

	As at March 31, 2020 Quantity (units)	As at March 31, 2020 Amount
Investment in Mutual Funds		
(At fair value through Profit and Loss)		
Quoted		
- SBI Short Term Debt Fund - Direct Plan - Growth	25,239,905	609
NAV as on Mar 31, 2020 : ₹ 24.13 per unit		
- SBI Liquid Fund Direct Growth	230,197	716
NAV as on Mar 31, 2020 : ₹3,109.02 per unit		
Total	**25,470,102**	**1,325**

12. EQUITY SHARE CAPITAL

	As at March 31, 2020
Authorised:	
16,500,000 (As at Mar 31 ,2019: 16,500,000) Equity Shares of ₹ 10 each fully paid-up	165
	165
Issued, Subscribed and Fully Paid-up:	
14,862,903 (Mar 31,2019: 14,862,903) Equity Shares of ₹ 10 each fully paid-up	149
Total	**149**

a) The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share and entitled to dividend that may be declared by the board of directors, which is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Details of shares held by the Holding Company and each shareholder holding more than 5% shares:

Equity shares with voting rights	As at March 31, 2020
	No. of Shares (% holding)
PI Industries Ltd - the Holding Company & Its Nominees	**14,862,903**
	100%

c) Reconciliation of the number of shares outstanding

	As at March 31, 2020
	No. of shares
Opening balance of Equity shares with voting rights	**14,862,903**
Changes during the Period	**-**
Closing balance of Equity shares with voting rights	**14,862,903**

d) In previous five years the Company has not issued any bonus shares nor are there any shares bought back and issued for consideration other than cash.

13. OTHER EQUITY

	As at March 31, 2020
1) Securities premium	**552**
2) Capital redemption reserve	**11**
3) Retained earnings:	
Opening balance	**2,223**
Add: Profit for the Period	130
Add: Other Comprehensive Income for the Period	2
Closing balance	**2,355**
Total	**2,918**

Notes

(1) Security premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(2) Capital Redemption reserve is created to keep the capital structure intact. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

(3) Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

14. PROVISIONS

	Non-current	Current
	As at March 31, 2020	As at March 31, 2020
Provision for employee benefits		
Provision for compensated absences (Refer Note 31)	-	5
Provision for gratuity (Refer Note 31)	15	7
	15	**12**
Provisions - Other		
Others	-	128
	-	**128**
Total	**15**	**140**

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

(a) An objection was raised by the excise department on classification of one of the sale product resulting in demand of differential excise duty. The Company filed an appeal against the order. As on March 31, 2020 provision for excise duty is ₹ 128 . Case is pending before Tribunal of Excise & Customs, Ahmedabad.

(b) There is no movement of provision for excise duty during the period December 27, 2019 to March 31, 2020.

15. BORROWINGS

	As at March 31, 2020
Secured - at amortized cost	
Loans from banks	
Working capital - cash credit	-
Total	-

Notes:

1) There is no fund based limit. Non fund based limit is secured against charge on stock and book debt.

16. TRADE PAYABLES

	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	26
Total outstanding dues other than micro enterprises and small enterprises	369
Total	**395**

Trade payable includes amount due to related parties amounting to ₹5

17. OTHER FINANCIAL LIABILITIES

	Non-current	Current
	As at March 31, 2020	As at March 31, 2020
(1) Security deposits	60	-
(2) Payables on purchase of property, plant and equipment	-	2
(3) Other liabilities	-	224
(4) Lease liability	23	19
Total	**83**	**245**

There is no dues from directors, independent directors & non executive directors as on March 31, 2020

18. OTHER CURRENT LIABILITIES

	As at March 31, 2020
(1) Advances from customers	40
(2) Other liabilities	
(a) Statutory liabilities (Contribution to PF, Withholding Taxes, Excise Duty, GST, Service Tax etc.)	7
(b) Other liabilities	0
Total	**47**

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

19. REVENUE FROM OPERATIONS

	For the period December 27, 2019 to March 31, 2020
(1) Sale of products	591
(2) Other operating revenue [Refer Note (i) below]	10
Total	**601**

The Company has recognised Provision for discounts and sales returns amounting to ₹ 47 from sale of products to various customers during the period December 27, 2019 to March 31, 2020. 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.

NOTE (i)

	For the period December 27, 2019 to March 31, 2020
(1) Other operating revenue	
Duty drawback and other export incentives	9
Sale of Scrap	1
Others:	
- Cash discount received	0
Total other operating revenue	**10**

20. OTHER INCOME

	For the period December 27, 2019 to March 31, 2020
(1) Interest Income earned on Financial Asset that are not designated at fair value through profit or loss comprises:	
Interest from banks on deposits (at amortised cost)	0
Interest from other financial assets (at amortised cost)	0
(2) Dividend Income from Current Investments	0
(3) Net Gain on Foreign Exchange	9
(4) Provision for Doubtful Receivable no longer required	47
(5) Other gains and losses (net)	
Realized Gain	5
Unrealized Gain	17
(6) Others	0
Total	**78**

21. COST OF RAW MATERIALS CONSUMED

	For the period December 27, 2019 to March 31, 2020
Opening stock	296
Add: purchases	337
	633
Less: Closing stock	309
Total	**324**

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

22A. PURCHASE OF STOCK-IN-TRADE

	For the period December 27, 2019 to March 31, 2020
Formulations	23
Technical	-
Total	**23**

22B. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	For the period December 27, 2019 to March 31, 2020
Inventories at the end of the period:	
Finished Goods	384
Work-in-Progress	63
	447
Inventories at the beginning of the period:	
Finished Goods	421
Work-in-Progress	27
	448
Net decrease / (increase)	**1**

23. EMPLOYEE BENEFITS EXPENSE

	For the period December 27, 2019 to March 31, 2020
(a) Salaries and wages	58
(b) Casual wages	7
(c) Contribution to:	
Provident fund and family pension fund	3
Superannuation fund	1
Gratuity fund (Refer Note 31)	3
(d) Staff welfare expenses	3
Total	**75**

24. FINANCE COSTS

	For the period December 27, 2019 to March 31, 2020
Interest costs:	
- Lease Interest Cost	1
- Other Interest	1
Total	**2**

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

25. DEPRECIATION AND AMORTISATION EXPENSES

	For the period December 27, 2019 to March 31, 2020
(1) Depreciation on Property, Plant & Equipment (Refer Note 3A)	6
(2) Amortisation on Intangible Assets (Refer Note 3B)	0
(3) Amortisaztion on right to use Assets	5
Total	**11**

26. OTHER EXPENSES

	For the period December 27, 2019 to March 31, 2020
(1) Consumption of stores and spare parts	1
(2) Consumption of packing materials	35
(3) Processing charges	5
(4) Power and fuel	21
(5) Freight and forwarding	14
(6) Rent including lease rentals	0
(7) Rates and taxes	(33)
(8) Insurance charges	3
(9) Repairs and maintenance on:	
- Machinery	(1)
- Buildings	(1)
(10) Advertisement and sales promotion	(4)
(11) Travelling and conveyance	30
(12) Legal & professional fees	(11)
(13) Payments to auditors (Refer Note (i) below)	1
(14) Expenditure on corporate social responsibility (Refer Note 33)	2
(15) Miscellaneous expenses	7
Total	**69**

Note :

	For the period December 27, 2019 to March 31, 2020
(i) Payments to the Auditors comprises (net of input tax credit):	
To statutory auditors	
- For audit	1
- For taxation matters	0
Total	1
(ii) Legal & Professional Fees includes (net of input tax credit):	
To cost auditors for cost audit	0
Total	0

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

27 Contingent Liabilities and Commitments (to the extent not provided for)

	For the period December 27, 2019 to March 31, 2020
(i) Contingent Liabilities:	
Claims against the Company not acknowledged as debt - Income Tax, Excise on Siapton and Excise Duty on Rapigro	279
Matters relating to disputed Excise Duty on the product Siapton against which Company has filed the appeal. The appeal is pending before the Appellate Authority CESTAT, Ahmedabad.	
Matters relating to disputed Excise Duty on the product Rapigro against which Company has filed the appeal. The appeal is pending before the Commissioner (Appeals) , Ahmedabad.	
(ii) Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	27
Other commitments	-
(iii)Guarantees excluding financial guarantees; Performance Bank Guarantees	2

There are cases of misbranding of goods lodged against the Company. The cases have not reached at a stage whereby the liability, if any, on this account can be quantified.

28. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Total outstanding dues of Micro and Small Enterprises, which are outstanding for more than the stipulated period are given below:

	As at March 31, 2020
(a) The principal amount remaining unpaid to suppliers as at the end of accounting year	26
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-
(d) The amount of interest due and payable for the year	-
(e) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-
	26

Dues to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" (MSMED Act, 2006) have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

29. Earning per share (EPS)

	For the period December 27, 2019 to March 31, 2020
Profit after tax	130
Weighted average no. of equity shares outstanding (Nos.)	14,862,903
Basic and Diluted earning per share (₹)	8.74
Face value per equity share (₹)	10.00

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

30. Related party transactions:

(A) Names of related parties and description of related party relationship

Holding Company	PI Industries Ltd
Fellow subsidiary companies	PI Life Science Research Ltd
	PILL Finance and Investment Ltd
	Jivagro Limited
	PI Japan Co. Ltd.
Joint venture of holding Company	PI Kumiai Private Limited
Related Party	
Key Management Personnel	Mr. Anil Inani
	Dr. Raman Ramachandran - Additional Director (Non Executive Chairman)
	Dr. T.S Balganesh - Additional Independent Director
	Mr. Subhash Chand Anand - Additional Director
	Mr. Sankar Ramamurthy - Additional Director
	Mr. Surender Singh Rathore - Chief Financial Officer
	Ms. Karishma Patel - Company Secretary

(B) Details of related party transactions during the year December 27, 2019 to March 31, 2020:

Particulars	For the period December 27, 2019 to March 31, 2020
Holding Company (PI Industries Ltd from 27th December 2019)	
Purchase of Finished Goods	4
Key Management Personnel	
Mr. Anil Inani	
Remuneration to Director	2
Ms. Karishma Patel	
Remuneration to Company Secretary	0

(C) Details of related party balances outstanding as at March 31, 2020:

Particulars	As at March 31, 2020
Holding Company	
Trade Payables	5

Note: There were no amounts written off or written back during the year in respect of debts due from or to related parties.

(D) Terms and conditions of transactions with related parties:

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.

31. Disclosures for Employee Benefits

a. Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity payout per the Payment of Gratuity Act, 1972. The scheme is funded with Life Insurance Corporation of India in the form of qualifying insurance policy for future payout of gratuity of the employees. Each year the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contributions based on the results of this review. The management aims to keep annual contributions relatively stable at a level such that no plan deficit (based on valuation performed) will arise.

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

The plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, liquidity risk and salary escalation risk.

a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in insurer managed funds.

b) Interest rate risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in the Financial Statements).

c) Liquidity risk

This is the risk that the Company is not able to meet the short-term gratuity pay outs. This may arise due to non availability of enough cash / cash equivalents to meet the liabilities or holding of liquid assets not being sold in time.

d) Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2020 by M/s. K. A. Pandit, Consultants and Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

	Particulars	For the period ended March 31, 2020
i	**Expense recognized in Statement of Profit and Loss for the year (included in Note 23 Employee Benefits Expense)**	
	Service cost:	
	Current service cost	3
	Past service cost and loss/(gain) on curtailment and settlement	-
	Net interest cost	0
	Total Expense charged to Statement of Profit and loss	**3**
ii	**Expense / (Income) recognized in Other Comprehensive Income for the year**	
	Components of actuarial losses / (gains) on obligations	
	Due to changes in financial assumptions	
	Due to changes in demographic assumptions	
	Due to changes in experience adjustments	0
	Return on plan assets excluding amounts included in Interest income	(3)
	Total Expense / (Income) recognised in Other Comprehensive Income	**(3)**
iii	**Reconciliation of defined benefit obligation**	
	Opening Balance of defined benefit obligation	83
	Transfer in / (out) of obligation	-
	Current service cost	2
	Interest cost	1
	Actuarial loss / (gain) due to changes in financial assumptions	2
	Actuarial loss / (gain) due to changes in demographic assumptions	-

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

	Particulars	For the period ended March 31, 2020
	Actuarial loss / (gain) due to changes in experience adjustments	(2)
	Past service cost	-
	Benefits paid	(3)
	Closing Balance of defined benefit obligation as at March 31, 2020	**83**
iv	**Reconciliation of fair value of plan assets**	
	Opening balance of plan assets	61
	Interest income	1
	Return on plan assets excluding amounts included in Interest income	2
	Contribution of employer	-
	Benefits paid	(3)
	Closing Balance of plan assets as at March 31, 2020	**61**

	Particulars	As at March 31, 2020
v	**Funded status:**	
	Present value of Defined benefit obligation	83
	Fair value of plan assets	61
	Deficit / (Surplus) of plan assets over obligation	22
	Bifurcation of Defined Benefit Obligation at the end of the year	
	Current Liability	7
	Non Current Liability	15
vi	**Category of plan assets**	
	Insurance fund with Life Insurance Corporation of India (LIC)	100%
	(Note: Due to absence of data provided by Life Insurance Corporation of India, break-up of plan assets (asset allocation) in insurer managed funds have not been furnished.)	
vii	**The principal assumptions used in determining above defined benefit obligations for the Company's plan are as under:**	
	Discount Rate	6.59%
	Expected rate of increase in salary	10.00%
	Attrition rates	10.00%
	Mortality Rates	Indian Assured Lives Mortality (2006-08) Table
	Expected return on plan assets	6.59%

(Notes:
1. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.
2. Interest income on plan asset is a component of the return on plan asset and is determined by multiplying the fair value of the plan assets by the discount rate specified in para 83, both as determined at the start of the annual reporting period, taking account of any changes in the plan assets held during the period as a result of contributions and benefit payments.
3. The estimate of future salary increase, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.)

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Particulars	As at March 31, 2020
viii Projected Benefits Payable in Future Years From the Date of Report	
1st Following Year	16
2nd Following Year	8
3rd Following Year	9
4th Following Year	6
5th Following Year	7
Sum of Years 6 to 10	36
Sum of Years 11 and above	44
Expected contribution for next year (12 months)	**7**

ix Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below.

Impact on defined benefit obligation

Particulars	As at March 31, 2020
Discount Rate	
1% increase	(4)
1% decrease	5
Expected rate of increase in salary	
1% increase	4
1% decrease	(4)
Attrition rates	
1% increase	(1)
1% decrease	1

Note:

1. The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

2. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is same as that applied in calculating the defined benefit obligation recognised in the Balance Sheet.

b. Long term compensated absences

The provision for long term compensated absences covers the Company's liability for earned leave, the amount of provision recognised is ₹ 5.

c. Defined Contribution Plans

The Company makes Provident and Family Pension Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognised provident and family pension fund contribution of ₹3 and superannuation fund contribution of ₹ 1 as expense in Note 23 under the head 'Contributions to : Provident Fund and Family Pension Fund and Superannuation Fund'.

32. Segment Information

The Company has its production units engaged in the manufacture of Pesticides and is also engaged in trading of Pesticides, which operate in economic environments which are not significantly different from each other. Accordingly, the Chief Operating Decision Maker monitors the operating results of both together for the purpose of making decision about resource allocation and performance assessment. Thus there are no separate reportable segments in terms of the requirements of Ind AS 108 "Operating Segments" as notified under section 133 of the Companies Act, 2013.

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

The information relating to revenue from external customers and location of non-current assets of the single reportable segment has been disclosed as follows :

(a) Information abount product revenue:

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

Particulars	For the period December 27, 2019 to March 31, 2020
Active Ingredients and Intermediates	220
Fomulations	380
Others	1
Total	**601**

(b) Geographical Area

The company is domiciled in India. The amount of its revenue from external customers broken down by location of customers is shown in the table below:

Particulars	For the period December 27, 2019 to March 31, 2020
India	330
Asia (otherthan India)	92
Europe	132
Rest of world	47
Total	**601**

Revenue of approximately ₹ 106 are derived from a single customer.

These revenue are attributed to the outside India segment.

(c) Non-current operating assets

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:

Particulars	As at March 31, 2020
India	465

33. Corporate social responsibility

The aggregate amount of expenditure incurred during the year on Corporate Social Responsibility is ₹ 2 for the period December 27, 2019 to March 31, 2020.

34. Working capital facility

Working capital non fund based facilities (outstanding as at March 31, 2020 – ₹ 80) are secured by first charge on stock and book debt. The sanctioned limit of facility is as under:

Particulars	As at March 31, 2020	As at March 31, 2020
	Limit Utilised	Sactioned Limit
Fund Based Limit	Nil	Nil
Non Fund Limit L/C and BG	80	80

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

35. Details of hedged and unhedged exposure in foreign currency denominated monetary items

The Company enters into forward exchange contracts to hedge against its foreign currency (FC) exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes . (Refer Note 38(iv))

The Foreign currency exposure hedged and unhedged as at the reporting date are as under:-

Particulars	Currency	As at March 31, 2020	
		FC	₹
(i) Amounts receivable in foreign currency			
Trade Receivables	USD	3	200
Trade Receivables	Euro	0	21
Receivables - Others	USD	0	6
Receivables - Others	Euro	0	1
Receivable - EEFC Account	USD	0	1
Receivable - EEFC Account	Euro	1	27
Total Receivables (A)	**USD**	**3**	**207**
Total Receivables (A)	**Euro**	**1**	**49**
Hedged by derivative contracts (B)	USD	-	-
Hedged by derivative contracts (B)	Euro	-	-
Unhedged Receivables (C=A-B)	USD	3	207
Unhedged Receivables (C=A-B)	Euro	1	49
(ii) Amounts payables in foreign currency			
Trade Payable	USD	1	37
Trade Payable	Euro	0	22
Trade Payable	AED	0	1
Other current financial liabilities	Euro	-	-
Other current financial liabilities	USD	0	1
Total Payables (D)	**USD**	**1**	**38**
Total Payables (D)	**Euro**	**0**	**22**
Total Payables (D)	**AED**	**0**	**1**
Hedged by derivative contracts (E)	USD	-	-
Unhedged Payables (F=D-E)	USD	1	38
Unhedged Payables (F=D-E)	Euro	0	22
Unhedged Payables (F=D-E)	AED	0	1

36. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Cash required for operations is managed through internal accounts.

Borrowings is NIL. So Debt/Equity Ratio is 0.

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for non fund based bank facilities are:

Particulars	As at March 31, 2020
Inventory and Book Debts	1,780

37. Financial instruments – Fair values and risk management

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the Financial Statements.

A. Category-wise classification of financial instruments

Particulars	Note No.	Carrying amount As at March 31, 2020
Financial assets		
Measured at amortized cost		
(1) Cash and cash equivalent	10	107
(2) Bank Balances other than (1) above	10	2
(3) Trade Receivables	9	988
(4) Loans	4	41
(5) Other Financial Assets	5	6
Measured at fair value through profit or loss (FVTPL)		
(1) Investments	11	1,325
Financial liabilities		
Measured at amortized cost		
(1) Trade Payables	16	395
(2) Other Financial Liabilities	17	328
(3) Borrowings	15	-

38. Financial risk management

i. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

a) Trade and other receivables

The Company has a credit policy and extends credit to its customers based on customer's credit worthiness, ability to repay, and past track record. The extension of credit is constantly monitored through a review mechanism.

The expected credit loss allowance is based on the ageing of the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows :

During the period December 27, 2019 to March 31 2020, there is a reversal of impairment provision of ₹47. Movement in expected credit loss allowance is given as follows:

Particulars	As at March 31, 2020
Balance at the beginning of the period	153
Movement expected in credit loss allowance on trade receivables calculated at lifetime expected credit losses	(47)
Balance at the end of the year	106

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

b) Other financial assets

The credit risk from balances/deposits with Banks, current investments and other financial assets are managed in accordance with company's policy. Investment of surplus funds are primarily made in Liquid/Short Term Plan of Mutual Funds and in Bank Deposits which carry a high external rating. The Company's maximum exposure to the credit risk for the component of Balance Sheet as at March 31, 2020 is the carrying amounts of each class of financial asset.

ii. Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company prepares a detailed plan to assess both short term as well as long term fund requirements. Detailed month-wise cash flow forecast is also carried out to determine the working capital and other long-term fund requirements. The Company funds both these requirements through internal accruals. The Company is debt free as on current reporting date.

Exposure to liquidity risk

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment and realisation periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and realise.

March 31, 2020	Contractual cash flows					
	Carrying amount	Less than 3 months	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Trade payables	395	395	-	-	-	-
Other current financial liabilities	245	230	15	-	-	-

The Company does not have any derivative financial liability as at the reporting date.

iii. Market risk

Market Risk is the risk that the fair value of the future cash flow will fluctuate because of changes in the market prices such as interest rate risk, Equity Price risk and Foreign Exchange Rate Risk.

The Company seeks to minimize the effect of these risks. The Company does not enter into or trade financial instruments including derivatives for speculation purposes.

(iv). Foreign currency risk

The Company operates in the global market and is, therefore, exposed to foreign exchange risk arising from foreign currency transactions i.e. exports and imports, primarily with respect to USD and EURO. As these transactions are recorded in currency other than functional currencies (INR), the company is exposed to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities. The company is a net exporter and it manages its forex exposure by regularly monitoring and taking appropriate forward covers from the bank.

Foreign Currency Sensitivity analysis

The currency profile of financial assets and financial liabilities as at March 31, 2020 is as below:

Particulars	Impact on Profit before tax for the year ended March 31, 2020	Impact on Pre-tax Equity for the year ended March 31, 2020
USD Sensitivity (₹ / $)		
Increase by 5%	8	8
Decrease by 5%	(8)	(8)
-Euro Sensitivity (₹ / €)		
Increase by 5%	1	1
Decrease by 5%	(1)	(1)
AED Sensitivity (₹ / AED)		
Increase by 5%	(0)	(0)
Decrease by 5%	0	0

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

Forward foreign exchange contracts

The Company has adopted a Risk Management Policy approved by the Board of Directors for managing foreign currency exposure. The policy has approved use of forward contracts to manage the foreign currency risk.

The there is no forward foreign currency (FC) contracts outstanding at the end of reporting period.

39 The Company has enter into a scheme of amalgamation with their holding Company PI Industries Limited (""PIL"") and fellow subsidiary Company Jivagro Limited. According to the scheme, All business other than domestic distribution business of Isagro shall stand Merge with PIL once scheme is approved by shareholders, creditors, NCLT and other regulatory authorities as applicable. Domestic distribution business of the Company shall be demerged to Jivagro Limited.

40 Leases

The measurement principles of Ind AS 116 is as follows:

(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:

· Applying a single discount rate to a portfolio of leases with reasonably similar characteristics

· 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 ₹ 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.

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 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

Lease 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.

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

Adjustment to Increase/ (decrease) in net profit	Change due to IND AS 116 Increase/ (Decrease)
Other Expenses Rent Including Lease Rentals	(6)
Finance Cost	1
Depreciation and amortisation expense	5
Profit before tax [(increase)/ decrease]	0

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

Particulars	As At March 31, 2020
Right of Use Asset :	
Building	39
Total	**39**
Lease Liabilities	
Current	
For upto 3 Months	4
For more than 3 months and less than 12 Months	15
Non Current	23

Notes forming part of special purpose financial statements

for the period from December 27, 2019 to March 31, 2020

(All amount in ₹ million, unless otherwise stated)

41 COVID 19:

The Company has made assessment of impact of COVID 19 related lockdown on carrying value of fixed assets and cash flow as at the balance sheet date and has concluded that there is no material adjustments required in these financial statement. The Company will continue to monitor any material changes to future economic conditions

42 Events occurring after the balance sheet date

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization of these financial statements.

As per our report of even date

For **S.S. Kothari Mehta & Company**
Chartered Accountants
Firm Reg. No. 000756N

Sd/-
Amit Goel
Partner
M. No. 500607
Place: Gurgaon
Date: 22nd May, 2020

For and on behalf of the Board of Directors
Isagro (Asia) Agrochemicals Private Limited

Sd/-
Sankar Ramamurthy
Director
DIN: 02478172
Gurgaon
22nd May, 2020

Sd/-
Subhash Chand Anand
Director
DIN: 07348933
Gurgaon
22nd May, 2020

Sd/-
Surender Singh Rathore
Chief Financial Officer
Gurgaon
22nd May, 2020

Sd/-
Karishma Patel
Company Secretary
Mumbai
22nd May, 2020