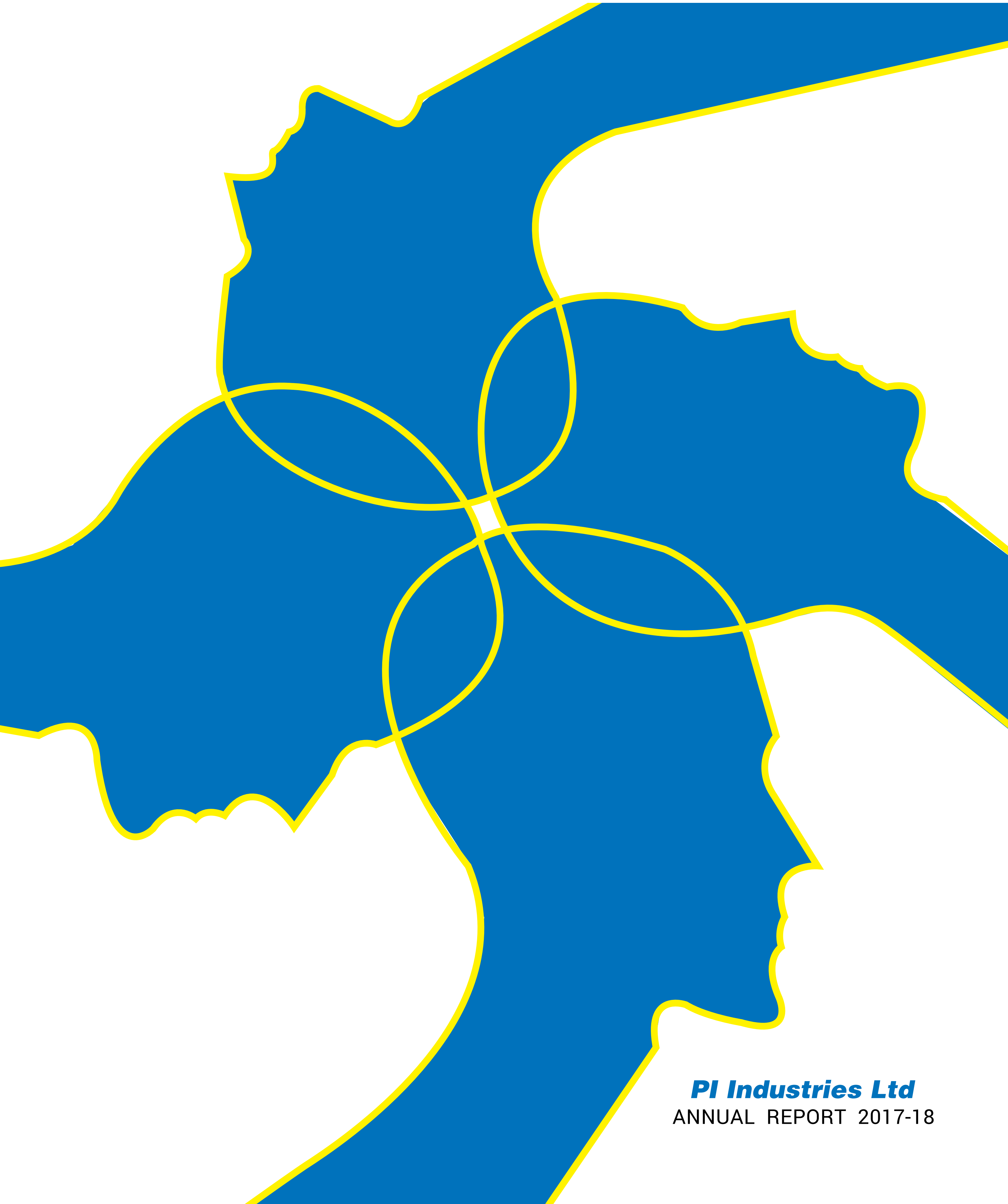
Innovation Meets Collaboration
to build a Better Tomorrow

Inspired by Science



PI Industries Ltd
ANNUAL REPORT 2017-18

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Cautionary Statement Regarding Forward-Looking Statement

Statement in this annual report describing the Company's objectives, expectations or forecasts, may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence PI Industries Limited operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors, such as litigation and industrial relations.

Innovation Meets Collaboration to build a Better Tomorrow

Meeting the growing demand for food through ecologically sustainable practices requires producers to be efficient and innovative. Global players in the agri space are addressing this challenge through new business models, consolidation and a continued focus on research and development.

Inspired by Science and with a deep understanding of future trends, we at PI continue to build on our unique, integrated, innovation led, partnership-oriented business model across the value chain to provide products and solutions.

The exports CSM business entails understanding of customer needs and using our technological and manufacturing capabilities to provide efficient solutions to global standards of safety and quality. In the domestic brand market, driven by the quest for market dominance, we are leveraging emerging technology in the digital space to deepen customer intimacy. This helps us develop marketing strategies to connect with our channel partners and farmers and address customer needs efficiently on real-time basis. Our partnerships with global innovators, based on more than four decades of trust, continue to serve us well.

Our people work tirelessly in delivering our vision where science led innovation meets collaboration.

Inspired by Science

THE WORLD OF PI

Incorporated in 1947, we, at PI, focus on complex chemistry solutions in the field of Agri-Sciences. Channelising the collective strength of over 2,000 employees, we currently operate 3 formulation facilities and 8 multiproduct plants, strategically located at our 3 manufacturing locations. These state-of the art facilities have integrated process development teams with in-house engineering capabilities.

We maintain a strong research presence through our R&D facility at Udaipur, which deploys a dedicated team of more than 300 scientists. The facility includes advanced research and development labs, kilo plants and pilot plants with NABL certification.

Over the years, we have successfully leveraged our capabilities across the Agri-Sciences value chain by providing integrated and innovative solutions to our customers through an enduring partnership. Trust, Integrity and IP protection forms the solid foundation of our business. Having formed partnerships with leading companies globally, we, at PI provide solutions across the fields of research & development, regulatory services, manufacturing services, application development, marketing, distribution and customer connect initiatives.

PI has brought value-added offerings to millions of farmers in the country and across the globe, thereby creating a favourable impression in the minds of the local and global customers.

Given our partnership approach to business At PI Industries, we are geared up to deliver accelerated performance by matching our well-integrated capabilities with attractive global opportunities.

VISION

"Building on the foundation of trust, we shall be at the forefront of science-led opportunities by delivering innovative solutions."

VALUES

TRUST.
LIKE THE EARTH, WE ARE DEPENDABLE

We work with integrity of purpose, honesty in action and fairness in all our dealings.

SPEED.
BLAZING AHEAD, LIKE FIRE

Quick and agile like fire, we constantly strive to work with speed in the way we observe, think and act.

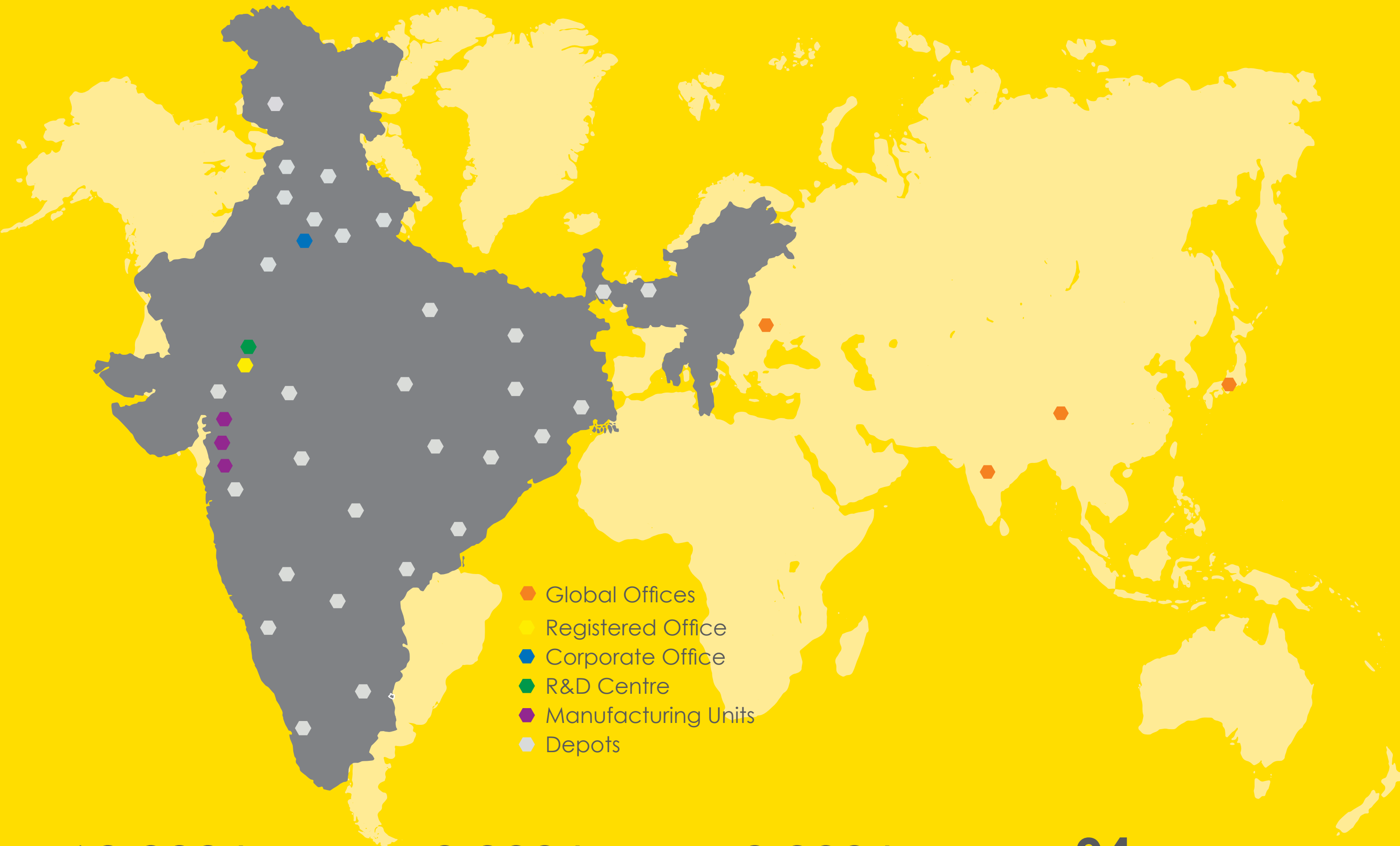
ADAPTABILITY.
ADAPTIVE, LIKE WATER

Constantly transforming ourselves like water, we are free flowing, adapting and highly responsive to change.

INNOVATION.
ENLIVENING, LIKE THE AIR

A constant quest for reaching new horizons, the never ending search for a better and novel way to do things, Innovation is a way of life for us.

Geographical Footprint



60,000+
Retail Points

10,000+
Channel Partners

2,000+
People

04
Global Offices

30
Stock Points

06
Continents

03
Manufacturing sites

30+
Countries


Research & Development Centre at Udaipur

Inspired by Science

OUR EVOLUTION

1946
Incorporated as Mewar Oil & General Mills Ltd.

1961
Forayed into AgChem Formulation & Marketing

1976
Maiden Technical Manufacturing Plant Commissioned at Udaipur

1991
Company name changed to PI Industries Ltd.

Company got listed at BSE

1992
New manufacturing facility commissioned at Panoli, Gujarat

1993
Setting up of first international plant with technology transfer

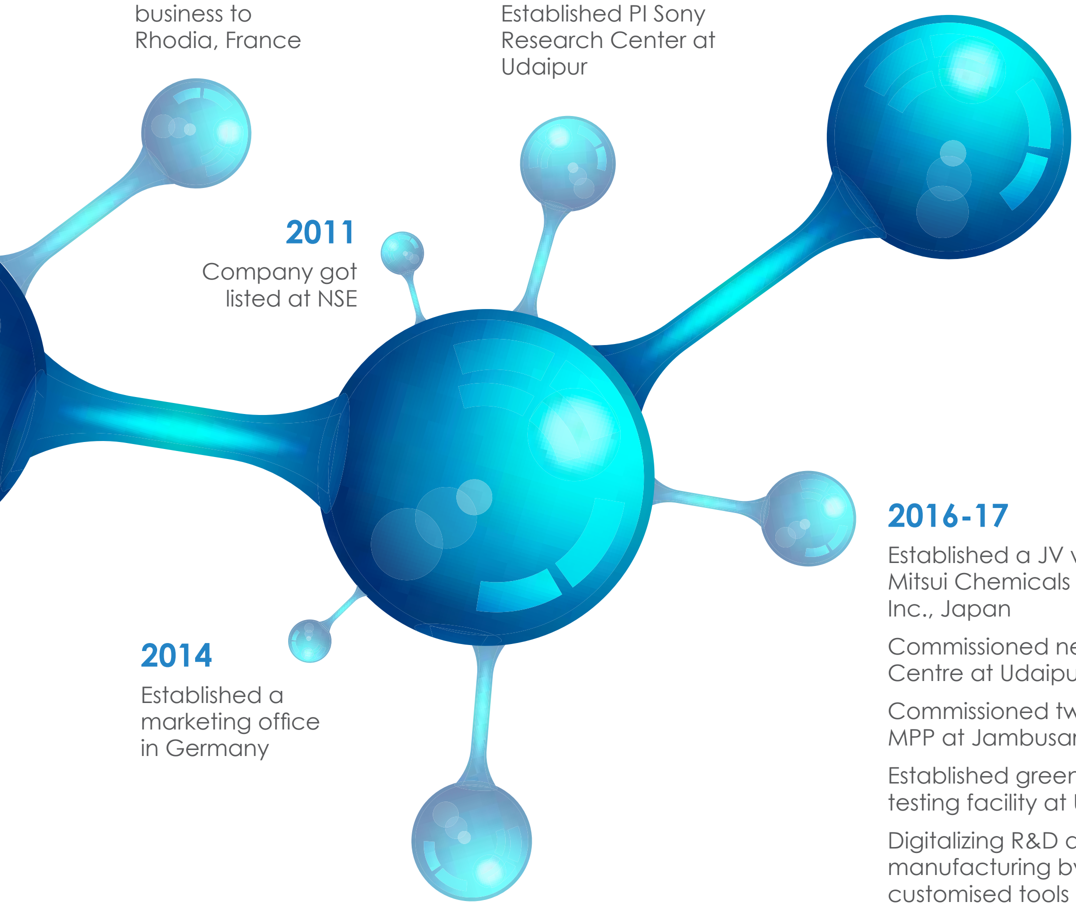
1996
Forayed into Custom Synthesis Manufacturing

2001
Implemented SAP and unique BI tools to digitalise agchem distribution channel

2002
Establishment of PI Japan Co. Ltd. (Subsidiary)

2004
Established China Representative office

Established PI Life Science Research Ltd.



2010

Got GLP Accreditation

Divested polymer business to Rhodia, France

2011

Company got listed at NSE

2012

Established new manufacturing site at Jambusar, Gujarat

Established PI Sony Research Center at Udaipur

2014

Established a marketing office in Germany

2015

Implemented SAP Hana

Commissioned a formulation unit at Panoli, Gujarat

2016-17

Established a JV with Mitsui Chemicals Agro Inc., Japan

Commissioned new R&D Centre at Udaipur

Commissioned two new MPP at Jambusar

Established greenhouse testing facility at Udaipur

Digitalizing R&D and manufacturing by customised tools

2017-18

Established Joint Venture with Kumiai Chemical Industry Co., Ltd. Japan

Simultaneously launched 5 new generation products for the first time

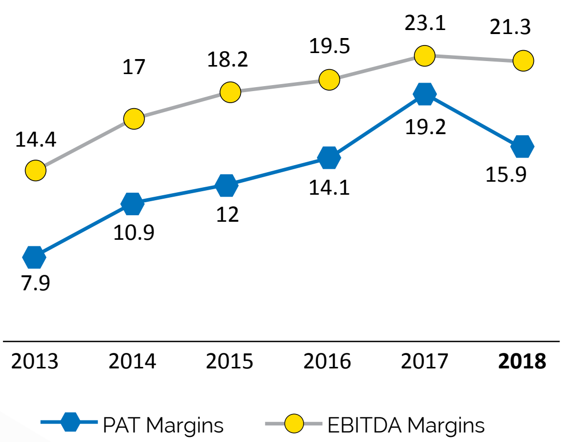
FINANCIAL HIGHLIGHTS

Key Figures						₹ in crores
Year Ended March 31	**FY 18**	FY17	FY16	FY15	FY14	FY13
Revenue from operations *	2308.7	2,382.9	2,197.3	2,032.5	1,680.6	1218.1
EBITDA	492.0	550.5	429.4	370.0	285.6	179.3
Profit Before Tax	463.6	506.5	400.9	352.6	258.0	143.7
PAT	366.5	457.4	309.7	243.2	183.7	96.3
Net Fixed Assets	1085.6	1,020.1	943.0	662.3	566.1	535.4
Cash Profit	449.1	530.0	363.4	292.4	215.1	118.2
EBITDA Margins (%)	21.3	23.1	19.5	18.2	17.0	14.4
PAT Margins (%)	15.9	19.2	14.1	12.0	10.9	7.9
ROE (%)	19.2	28.4	26.8	27.0	26.9	18.4
ROCE (%)	20.5	27.6	32.1	39.4	36.8	27.2
D/E Ratio (In times)	0.04	0.1	0.1	0.1	0.1	0.2
EPS (Face Value @ ₹1)(In ₹)	26.6	33.3	22.6	17.8	13.5	7.6
DPS (Face Value @ ₹1)(In ₹)	4.0	4.0	3.1	2.5	2.0	1.0

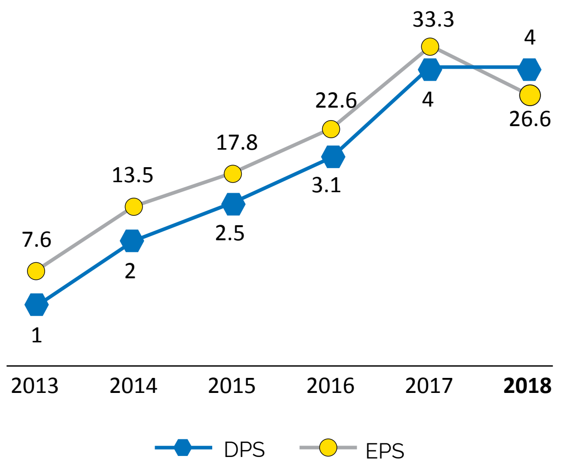
Balance Sheet Summary						₹ in crores
Year Ended March 31	**FY18**	FY17	FY16	FY15	FY14	FY13
Non-Current Assets	1,162.9	1,076.9	991.1	726.0	581.2	548.2
Current Assets	1,452.2	1,206.2	943.8	888.7	727.9	580.5
Total	2,615.0	2,283.1	1,934.9	1,614.7	1,309.1	1128.7
Shareholders Funds	1,912.2	1,608.9	1,154.7	902.2	683.1	524.6
Non-Current Liabilities	87.9	122.9	188.5	75.4	113.1	149.9
Current Liabilities	614.9	551.3	591.7	637.1	512.9	454.2
Total	2,615.0	2,283.1	1,934.9	1,614.7	1,309.1	1128.7

* Comparative figures of Revenue from operations have been regrouped as per the requirement of Ind AS.

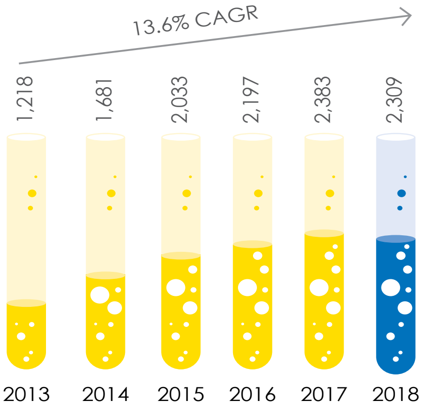
Profitability Margins (%)



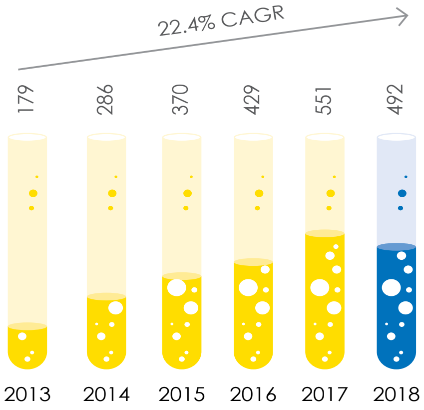
Per Share Earnings (Face Value @ ₹1)(In ₹)



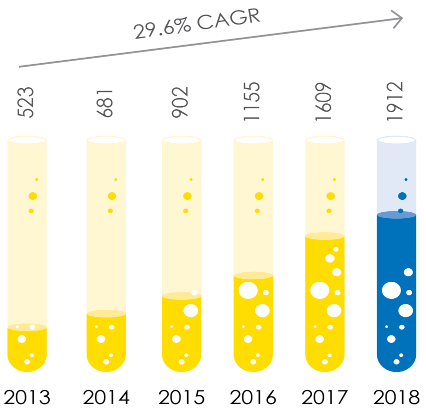
Revenue From Operations
(₹ Crore)



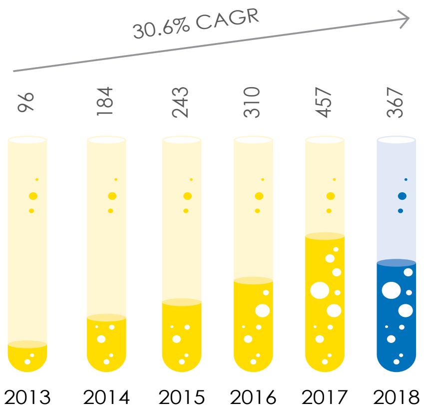
EBITDA
(₹ Crore)



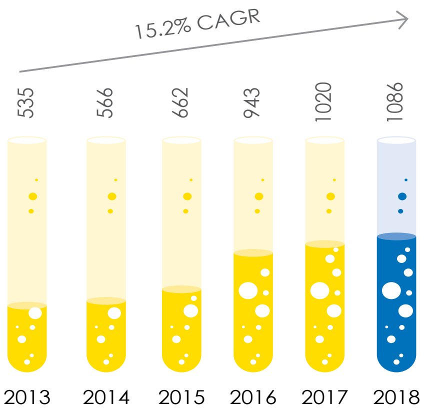
Net Worth
(₹ Crore)



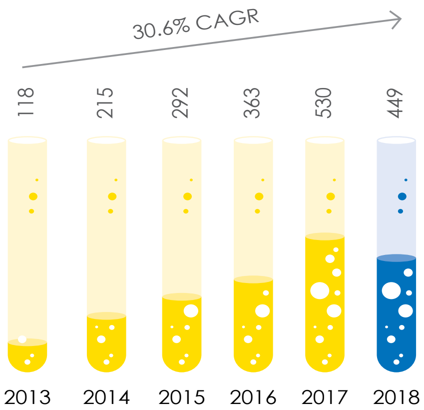
Net Profit
(₹ Crore)



Net Fixed Assets
(₹ Crore)

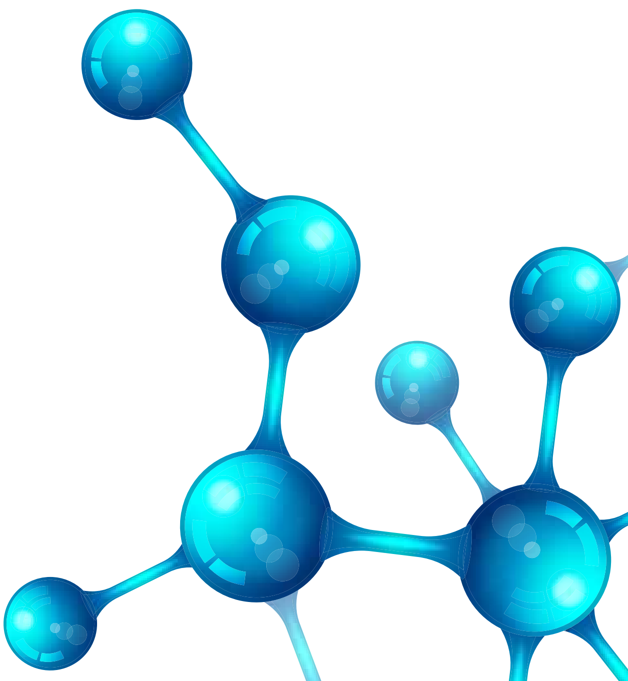


Cash Profit
(₹ Crore)



CHAIRMAN'S MESSAGE

"Creating, acquiring and assimilating Intellectual Property is PI's strategy for responsible, sustained and profitable growth. The strides made by our research & development team, innovation in our manufacturing, the deep understanding of customer needs by our IT, marketing and sales teams, and the leadership's exponential thinking to find solutions will clearly keep PI at the forefront."



Dear Shareholders,

The year gone by presented an intriguing contrast in terms of economic growth. At 3.8%, the world economy recorded its strongest growth in the last five years whereas at 6.7%, the Indian economy posted its weakest. The increasing formalization of the Indian economy and key policy initiatives being pursued by the Government are bound to change this growth aberration to bring it to much higher levels. This would be possible even when faced with changing commodity prices, increasing global protectionist stances, geo-political realignments, the bad debt crisis in domestic banking and the imminent election in 2019.

The third Advance Estimate for foodgrain production pegs the throughput to reach 279.5 million tons, making the crop year 2017-18 (July- June) the second year in a row of record foodgrain production. The expected normal monsoon in 2018-19 on the back of a near normal monsoon of the previous year should help sustain the good run of our agriculture sector. A more even distribution of rainfall across the country can bring about a substantial positive impact. The Indian Government's resolve and its initiatives to double Indian farmers' income by 2022 necessitate adoption of modern agronomic practices, crop diversification, better and more advanced nutrients and crop-protection inputs, appropriate farm mechanization, deployment of mobile, digital data gathering, information and analytical technologies.

Further, with governments striving to improve the health of their populace the agriculture and food industry will have to keep pace and provide not just enough, but increasingly appropriate nourishment. Indian farmers can diversify their cultivation mix – grains, vegetables, fruits, understand impact of their efforts through better information analytics, obtain better access to markets etc. propelling existing players to explore and deliver to these new and vast requirements.

Creating, acquiring and assimilating Intellectual Property is PI's strategy for responsible, sustained and profitable growth. The strides made by our team led by innovation in our manufacturing, the deep understanding of customer needs by our marketing and sales teams, and our leadership that is willing to explore new possibilities will clearly keep us at the forefront. We focused on win-win collaborations of global scale, scripted many a success in our domestic formulation business and pioneered new possibilities in our global CSM domain.

At PI Industries, to deliver accelerated growth our focus has been to leverage and deploy the capabilities we have invested in through alliances to a global audience. Our joint venture with Kumiai to manufacture and distribute Bi-spyribac Sodium in India and possibly beyond at a later stage is an example. It begins with an immediate benefit to one of PI's flagship products, Nominee Gold. We continued to collaborate with global innovators to offer a broader portfolio with the inclusion of their innovative products, to Indian farmers.

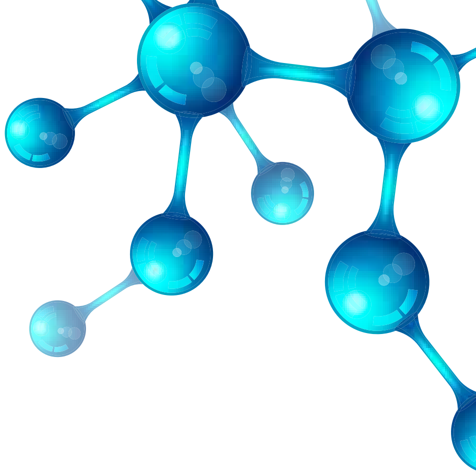
The huge focus on arresting ecological degradation by reduction of carbon emissions, better water management, arresting growth of damaging plastics and synthetics, are all factors that demand huge corporate responsibility, besides providing ethically minded corporates like PI a huge opportunity .

With core values of trust, adaptability, speed and innovation deeply rooted in our DNA, I am confident that your company would continue to grow from strength to strength and beyond its niche position in the global agri & chemistry space.

I would like to conclude with a special vote of thanks to our Board members, who have been guiding the leadership team to achieve the best innovative solutions and promote a healthy growth for all our stakeholders. On behalf of the entire Board of Directors, I express my deep gratitude to all our stakeholders for their continued trust and support.

With warm regards,

Narayan K. Seshadri



A SESSION WITH THE MANAGING DIRECTOR

Silently scripting the next wave of accelerated value creation for PI by focusing relentlessly on Collaborations for Farm Solutions and enhancement of R&D capabilities. In a freewheeling session with the AR team, he spoke on a range of aspects. Edited excerpts:

"Weathering these challenges, we introduced 5 new products in the domestic market and commercialized 4 new molecules during the year. We continued to strengthen our R&D prowess and initiated construction of two new plants. All these initiatives and hopefully a favourable operating environment shall enable us post a much improved performance in FY19 and beyond."

What are the current trends in the global agro-chemical sector and prospects for the CSM business?

Having witnessed a prolonged slowdown in the last 2-3 years, the global agro chemical sector showed signs of uptick during the latter part of FY18. Inventory stands at a lower level and with the expected revival in demand, the industry is poised for growth in the coming years.

Consolidation in the global agro chemical sector is opening up new opportunities for established players like PI which have a unique business model based on partnership and trust. Rising environmental concerns and stricter government actions are leading to consolidation and uncertainty in the chemical industry of China. This is leading global innovators to revisit their outsourcing strategy, thereby offering great opportunities for PI with its unique business model.

At PI, we are rightly positioned to benefit from these opportunities and deliver value added solutions to our partners.

How are the key growth drivers shaping up in the domestic market?

The Economic Survey of 2017-18 has forecasted a growth rate of 7-7.5% for FY19. The country is expected to achieve an ambitious goal of doubling farm income by 2022. The Government has taken several initiatives to boost agriculture income, including as Soil Health Card, Kisan Credit Card, Fasal Bima Yojana, raising of MSP, etc. India's foodgrain production is forecasted to grow to a record of 279.5million tonnes in the cropping year. Further, with increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage, etc. the agriculture sector is expected to sustain its growth momentum.

Our strategy of continuously expanding our technological capabilities and providing innovative solutions and products will continue to accelerate our pace of growth.

How do you assess company's performance in FY18?

"FY18 has been a challenging year, where the muted growth delivered did not reflect the underlying potential of our business, brands and solid order book position in hand. However, from the second-half onwards we have seen initial momentum in growth.

5 new products that were launched in the domestic market during the year have all been well accepted by the farmers. We continue to invest in a vibrant product portfolio covering a broader crop profile. There is visible traction in the solutions-centric approach we are taking to business, where we are engaging closely with the farmer community through digital initiatives. Similarly, with the aid of modern real-time technology, we are expanding our connect with the retailers and trade channels as well.

In exports, we saw commercialization of 4 new molecules in the year. Over the mid-to-longer term, we can derive comfort from the significant increase in both the number of enquiries and scale-up pipeline. Further, we are specifically targeting the development of new building blocks in adjacent and novel chemistries with a view to increasing the scope of export opportunity that we can gainfully target.

In line with our objective of both broadening and deepening our presence in domestic and exports market, we will continue to expand our footprint by leveraging our strengths and capabilities. Looking ahead, the various initiatives undertaken by the Government together with the pick-up of demand in global markets are indicating a better performance trajectory in the upcoming years.

What are the focus areas for the company in the coming years?

In the domestic market, we are repositioning ourselves as a crop solutions provider. Blending the advancements in digital and telecommunication domains with those in automation and mechanization in farm practices, we are working to make a deeper impact on farm productivity.

On the technology front, we are endeavoring to expand beyond the existing competencies. The accomplishments and the ongoing programs at our significantly augmented R&D facility augur well in this direction. We are continuing to invest in some unique research capabilities, building blocks and process technologies to attain unequaled global position. We further intend to exploit our strong partnership approach across the agri value chain from R&D – Technological development- manufacturing – application development and marketing.

Our relationships with global innovators continue to deepen across the value chain. The recent Joint Venture with Kumiai is an example of our partnership approach.

How is company planning to leverage its immense scale up in R&D capabilities in coming years?

We are continually working to enhancing our technology capabilities by focusing on new chemistries and application development capabilities, technology platforms, product research and testing services. We are enthused by the possibilities that our R&D scale up could yield in the near future. We are also evaluating getting into upstream and downstream chemistries. All these R&D enablers could help sustain value creation and accretion for a fairly long period spanning a few decades.

BOARD OF DIRECTORS

Mr. Narayan K. Seshadri
Independent Chairman
DIN : 00053563

Mr. Narayan K. Seshadri, a qualified Chartered Accountant, started his business consultancy career with Arthur Anderson. Joining KPMG afterwards, Mr. Seshadri rose to the position of Managing Partner of its business advisory practice in India. Besides PI Industries, he is also the Chairman of Magma Fincorp. Ltd. and Astra Zeneca Pharma India Ltd. He serves on the Boards of IRIS Business Services Ltd., Halcyon Resources and Management Pvt. Ltd., TVS Investments Pvt. Ltd., A2O Software India Pvt. Ltd., Kalpataru Power Transmission Ltd., Wabco India Ltd., Tranzmute Capital & Management Pvt. Limited, SBI Capital Markets Ltd., Radiant Life Care Pvt. Ltd. (Erstwhile Halcyon Finance & Capital Advisors Pvt. Ltd.), Halcyon Enterprises Pvt. Ltd., TVS Electronics Ltd., The Clearing Corporation of India Ltd., KKR ARC India Pvt. Ltd., TVS Wealth Pvt. Ltd. and Kritdeep Properties Pvt. Ltd. (Formerly known as Chanel Estates Pvt. Ltd.)

Mr. Mayank Singhal
Managing Director and CEO
DIN : 00006651

Having joined PI Industries in 1996, Mr. Mayank Singhal, an Engineering and Management graduate from UK, rose to become its Joint Managing Director in 2004 and subsequently its Managing Director and CEO with effect from December 1, 2009. Leveraging his rich experience of over two decades in the fields of chemicals, intermediate and agrochemical industries, he has played an instrumental role in the rapid development of Company's customer base. He has also been responsible for bringing in superlative changes in policies and transforming operations and systems, thus, providing synergy to various business activities of the Company. Besides PI Industries, he also serves the boards of PI Life Science Research Ltd., PILL Finance and Investment Ltd., DLF Brands Ltd., TP Buildtech Pvt. Ltd. and Fratelli Wines Pvt. Ltd.

Mr. Rajnish Sarna
Executive Director
DIN : 06429468

Mr. Rajnish Sarna is a qualified Chartered Accountant and has a diverse experience of over 26 years in the areas of Business Development, Strategy, Customer Relationship Management, Operations, Finance, Risk Management, Legal Contracting and Compliances, Investor Relations, Information Technology and Process Re-engineering, etc. He has been associated with PI for nearly 21 years and is responsible for an overall transformation of the Company over the last several years. His current role is to focus on strengthening the Custom Synthesis exports, evolving new business/partnership models and transforming R&D & Operations into cost effective service models. Currently, he serves on the Boards of PI Life Science Research Ltd., PILL Finance and Investment Ltd., Solinnos Agro Science Pvt. Ltd. and PI Kumiai Pvt. Ltd.

Mr. Arvind Singhal
Non Independent Director
DIN : 00092425

Mr. Arvind Singhal, an entrepreneur brings in a diverse industry experience of over 4 decades across mining & mineral processing, agrochemicals & specialised chemicals, electronic metering system etc. Having served as the Joint Managing Director of PI Industries for 22 years, he stepped down in December 2001. Besides being the Managing Director of Wolkem India Ltd., he also serves on the Board of Secure Meters Ltd., Mynores India Pvt. Ltd., Wolkem Lime Ltd., Wolkem Talc Pvt. Ltd. Skill Council for Mining Sector, Federation of India Mineral Industries, and Wolkem Omega Minerals India Pvt. Ltd. Mr. Arvind Singhal has been actively associated with business chambers like Federation of Indian Mineral Industries (FIMI), CII, FICCI and ASSOCHAM. He serves as the Patron of Udaipur Chamber of Commerce & Industry and is a Member of Federation of Mining Associations of Rajasthan. He is the Chairman of Standing Committee for Non-Metallic Minerals and Industries of FIMI.

Mr. Ravi Narain

Independent Director
DIN : 00062596

Mrs. Ramni Nirula

Independent Director
DIN : 00015330

Dr T.S. Balganesh

Independent Director
DIN : 00648534

Mr. Pravin K. Laheri

Independent Director
DIN : 00499080

Mr. Ravi Narain holds a degree in Economics from St. Stephen's College, Delhi and Cambridge University, UK, and a degree in Business Administration from the Wharton School, USA. He is engaged at the board level or in an advisory capacity with select private corporates, NGOs, Regulators, RBI and the Government of India. He is also on the Board of NSDL e-Governance Infrastructure Ltd. and Escorts Ltd.

Mrs. Ramni Nirula holds a Bachelor's Degree in Economics and a Master's Degree in Business Administration from Delhi University. Possessing more than three decades of experience in the financial sector, she has held various leadership positions in the areas of Project Financing, Strategy, Planning and Resources and Corporate Banking. Mrs. Nirula was the Managing Director & CEO of ICICI Securities Ltd. and also headed the Corporate Banking Group of ICICI Bank. She serves on the Board of Jubilant Foodworks Ltd., Utkarsh Micro Finance Ltd., Avantha Consulting Services Ltd. (Formerly known as Avantha Ergo Life Insurance Company Ltd.), McLeod Russel India Ltd., Eveready Industries India Ltd., Avantha Holdings Ltd., DCM Shriram Ltd. and CG Power and Industrial Solutions Ltd.

Holding a PhD in Medical Microbiology from University of Calcutta, Dr T.S. Balganesh completed his post-doctoral research at Brookhaven National Lab, USA and Max Planck Institute, Germany. He has also been awarded an honorary doctoral degree from the University of Uppsala, Sweden. Possessing more than three decades of experience in antibacterial drug discovery, Dr Balganesh served as Head of Research at AstraZeneca's antibacterial drug discovery unit in Bangalore before rising to become the Managing Director and member of the board of AstraZeneca India Pvt. Ltd. in the past. Currently, he is holding the position of President and a Director on the board of GangaGen Biotechnologies Pvt. Ltd., Bangalore. He also serves as a Director on the board of Open Source Pharma India, Bangalore and IKP, Hyderabad.

Mr. Pravin K. Laheri (IAS, Retd.,Gujarat cadre), law graduate from St. Xavier's College, Mumbai. He served the Government of Gujarat in various capacities such as District Development Officer (Jamnagar), Collector (Banaskantha), Director – Cottage Industries, Joint Secretary (Education Department), Industries Commissioner, Principal Secretary to Five Chief Ministers of Gujarat, and as Chief Secretary. He has also worked as Executive Director of the NIFT and as CMD of Sardar Sarovar Narmada Nigam Limited. Mr. Laheri also serves on the Boards of Gujarat Pipavav Port Ltd., Cue Strategic Inputs Pvt. Ltd., Gulmohar Greens Golf & Country Club Ltd., DMCC Oil Terminal (Navlakhi) Ltd., Ambuja Cements Foundation, Amap Management Consultancy Pvt. Ltd., Sintex Plastic Technology Ltd., Sintex BAPL Ltd. and Vision Aviation Pvt. Ltd.

Inspired by Science

SENIOR MANAGEMENT

Mr. Devendra Kumar Ray
President & Head
Manufacturing Strategy

Mr. Mukul Dixit
President - CSM Operations

Mr. Sankar Ramamurthy
Chief People Officer

Mr. Subhash Anand
Chief Financial Officer

Mr. Samir Dhaga
Chief Information Officer

Mr. G.K. Venugopal
Sr. Vice President- Brand Sales

Mr. Sushil Kharakwal
Sr. Vice President - EHS

Dr Atul Gupta
Sr. Vice President-Quality
Assurance

Dr. Rajul Edoliya
President Strategic &
Business Development

Dr Prashant Potnis
Chief Technology Officer

Mr. Anand Kamat
Sr. Vice President
Supply Chain & Strategic
Sourcing

CORPORATE INFORMATION

Board of Directors

Mr. Narayan K. Seshadri,
Chairman, Independent Director

Mr. Mayank Singhal,
Managing Director & CEO

Mr. Rajnish Sarna,
Whole-time Director

Mr. Pravin K. Laheri,
Independent Director

Ms. Ramni Nirula,
Independent Director

Mr. Ravi Narain,
Independent Director

Mr. Arvind Singhal,
Non-Executive, Non-Independent Director

Dr T.S. Balganesh,
Independent Director

Chairman Emeritus

Mr. Salil Singhal

Chief Financial Officer

Mr. Subhash Anand

Company Secretary

Mr. Naresh Kapoor

Statutory Auditors

M/s Price Waterhouse Chartered Accountants, LLP., Gurugram

Internal Auditors

M/s KPMG India LLP, Gurugram

Cost Auditor

M/s K.G. Goyal & Co., Jaipur

Secretarial Auditor

Mr. R.S. Bhatia

Bankers

State Bank of India
Axis Bank Ltd.
Standard Chartered Bank
HSBC Bank (Mauritius) Ltd.

Registered Office

Udaisagar Road,
Udaipur – 313 001, Rajasthan, India
Tel. No.091 294 2492451-55
Fax No.091 294 2491946
E-mail ID: corporate@piind.com
Website: www.piindustries.com

Corporate Office

5th Floor, Vipul Square, B-Block,
Sushant Lok, Phase-I, Gurugram - 122 009
Haryana, India
Tel.No.091 124 6790 000
Fax No. 091 124 4081 247

Research & Manufacturing Facilities

- Udaisagar Road, Udaipur - 313 001, Rajasthan
- Panoli Unit-1: Plot No.237, GIDC, Panoli – 394 116, Ankleshwar, Gujarat.
- Panoli Unit-2: Plot No.3133-3139, 3330-3351, 3231-3245, 3517-3524, GIDC, Panoli - 394 116, Ankleshwar, Gujarat.
- Plot No. SPM 28, Sterling SEZ, Village Sarod, Jambusar – 392 180, Gujarat.

Share Registrar & Transfer Agent

Karvy Computershare Private Limited
Unit: PI Industries Ltd.
Karvy Selenium Tower - B, Plot No.31 & 32
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032, India.
Tel. No.091 40 6716 2222
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Gurugram – 122 009 Haryana, India

Corporate Identity Number (CIN)

L24211RJ1946PLC000469

KEY EVENTS & RECOGNITIONS

PI entered into **JV with Kumiai Chemical Industry Co. Ltd. (Kumiai)** to bring superior innovative solutions in India to enhance farm productivity and also leverage manufacturing efficiencies of India under "Make in India" initiative.

BAYBUY 2017 (GLOBAL SOURCING OUTSTANDING PERFORMANCE AWARD), PI topped the TFS audit conducted by BCS for its leading suppliers.

Trishul Award" from Chemexcil for outstanding exports performance in 2017

PI Foundation honoured with **'Social Change Award 2017'** for its efforts in creating the best Livelihood opportunity for the under privileged communities (CSR initiatives).

Company's Manufacturing site at "Panoli" got **Certificate of Merit – Challengers Category and Certificate of Merit – Safety Excellence** from Frost & Sullivan and TERI Sustainability 4.0 Awards 2018

Won **'NATIONAL SAFETY COUNCIL'S CERTIFICATE OF APPRECIATION 2017'** for developing & implementing effective Management System & procedures.

Rated by ECOVADIS in 'GOLD' category for Company's quality in integrating the principles of CSR into their business (Environment, Labour/Social, Fair business/Ethics, and Supply Chain)

EMPLOYEE ENGAGEMENT

Founders Day Celebrations

Founders Day Celebrations

Independence Day Celebrations

Yoga Day

OUR HUMAN CAPITAL PHILOSOPHY IS ENCASPSULATED IN THE FOLLOWING PRINCIPLES:

- Hire for attitude and passion
- Train and pay for performance
- Promote for potential
- Engage and communicate for alignment
- Lead with conviction and humility

Diwali Celebrations

Annual Meet-'Mission Junoon'

Christmas Day Celebrations

Annual Meet-'Mission Junoon'

SUSTAINABILITY AT PI

Sustainability is not just a concept at PI; rather it's the way we conduct our business. We always endeavor to conduct our business in harmony with the elements of the nature, while creating long term value for our stakeholders. We understand that in the years ahead, companies that are sensitive towards sustainability will be able to hold ground and prosper. Year on year our manufacturing facilities adopt targets in various spheres like water conservation, energy reduction, reduction in carbon footprint etc. to reduce our overall environment footprint. This year again and we were able to meet the set sustainability targets. Some of the projects that we had undertaken as part of our sustainability initiatives include, setting up of sewage treatment plant for recycling of water at Panoli Unit, installation of roof top solar plant at our R&D facility in Udaipur, Commissioning of new MEE at Jambusar, Ozonation Plant for treatment of effluent at Panoli site etc. With respect to compliance to statutory provisions all our manufacturing sites are having CPCB approved Continuous Online Effluent Monitoring Systems which are hooked up with CPCB server.

We have been constantly striving to provide a safer work place to our employees, whom we consider as our greatest assets. These include providing engineering controls at various stages of operations, the right PPE's, relevant trainings etc. Owing to these measures, we have observed a steady reduction in our leading & lagging indicators for the year in question. The business that we are in requires a very high degree of process safety measure and to ensure that, we have created a new process safety cell within Environment, Health and Safety (EHS) Assurance department where highly skilled professionals are engaged in identification and mitigation of process hazards. As a proactive organization we have started the process of recording and investigating "Process Safety Near Miss" along with general "Near Miss" which we were capturing already. We have found that analysing and taking corrective action against process safety near miss makes our systems more robust and fool proof. To get better insight of process chemistry and safety data generation, process safety lab available at R&D, Udaipur was upgraded with the inclusion of Differential Scanning Calorimetry (DSC); Reactor Calorimeter & FBRM instruments. These instruments will supplement data generation from TSU (Thermal Screening Unit) which was already present at the lab.

Technology is the backbone of our manufacturing process. R&D along with Technology Transfer continuously works in developing new technologies to reduce waste, reduce/eliminate use of highly toxic input materials, eco-friendly routes of producing chemicals and inherently safe processes. This year we have commissioned an eco-friendly technology of high pressure air oxidation system in one of our products and we are the first company in India to do so for oxidation processes using solvents. Besides this with our in-house R&D we were able to develop specific Advance Oxidation process for treatment of incinerable waste and convert the same to waste that could be treated in ETP.

As mentioned earlier, employees are at the core of our business activity and we believe that their involvement at all levels is critical for the long term sustenance of the company. With this thought we have provided a platform which is accessible to all our employees wherein they can log in their creative ideas/suggestions for improving the sustainability quotient of the organization. Each of these

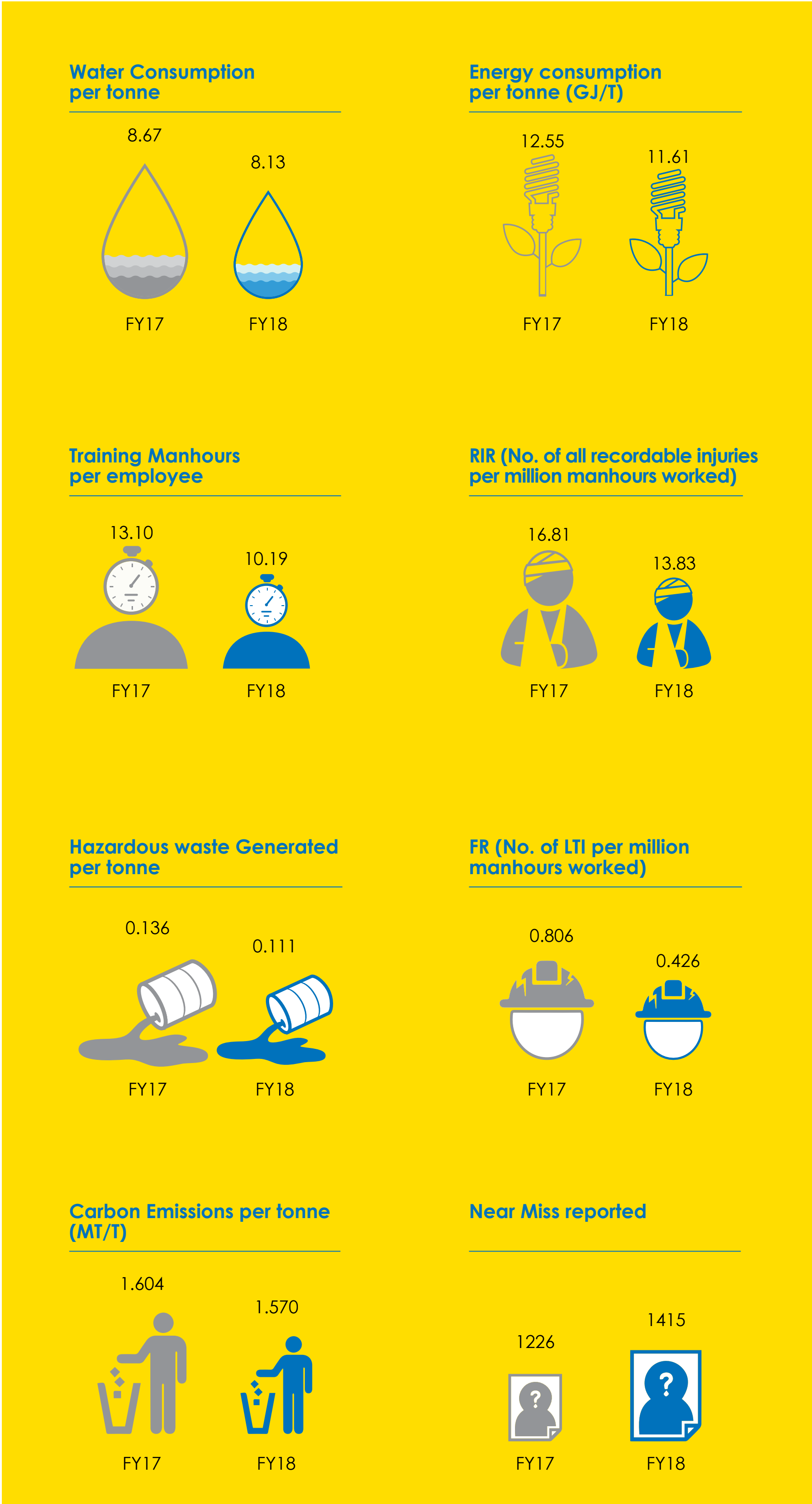
Awarded Certificate of Merit – Challengers Category and Certificate of Merit – Safety Excellence from Frost & Sullivan and TERI Sustainability 4.0 Awards 2018

suggestions/ideas is evaluated for their feasibility and applicability. The best ideas/suggestions are handsomely rewarded which helps in keeping high, the morale of the employees.

The company believes in being transparent in all its business affairs and sustainability is no different. We have voluntarily become a signatory to United Nations Global Compact initiative (UNGC). Under "Together for Sustainability" we have registered with ECOVADIS, an agency that rates supplier companies based on their reported sustainability parameters within the ambit of supply chain. We have been rated as "GOLD" category supplier with a score of 62 points out of total 100. We are among the top 12 supplier companies in the world from a group of 150 registered suppliers in the agrochemical sector. In the third party audit under TFS, company secured a phenomenal 100% score (200/200). These reporting initiatives indicate our continued progress in sustainability reporting.

Our continued focus on system based certifications has led to the certification of Panoli formulation and Udaipur sites. With the certification of these units, all PI manufacturing sites are now ISO 14001:2015 and OHSAS 18001:2015 certified. Our Jambusar site also has been certified for ISO 50001 Energy Management System.

In the year gone, we received recognitions for our notable contribution in the field of EHS. Prominent among these rewards are the "Rotating Shield and Certificate" received from Gujarat Safety Council & the "Certificate of Appreciation-2017" received from National Safety Council. These awards are a testament to the efforts put across by us within the sphere of sustainability. We will keep raising the bar and challenging ourselves, to achieve many a milestone in our journey towards sustainable growth.



Inspired by Science

CORPORATE SOCIAL RESPONSIBILITY

Your company has always laid special emphasis on enhancing the quality of life adn economic well-being of communities around PI plant sites and small & marginal farmers across the country. Our vision is to make an impactful and relevant contribution to the uplift of the communities in which we operate. Our objective has been to undertake interventions that benefit the farmers & underprivileged communities in and around PI's work centres.

Our focus on growth through innovation is co-terminus with our belief that for sustained long-term success, businesses must earn the respect of the communities in which they operate by being good corporate citizens, mindful of their environmental and social responsibilities.

We take into account sustainability in all our decisions and work processes. We seek to embody the principle of product stewardship by reducing our environmental foot print and enhancing the safety and social impact of our products and services across their life cycle.

In addition, we discharge our corporate social responsibility by designing and assisting in the implementation of programmes aimed at making a tangible difference to the communities around us and that help address the most pressing and formidable challenges of economic and social development we face as a country .

Inaccessibility to medical services and high healthcare costs are the major challenges faced by the inhabitants of the rural & remote areas in India.

HEALTHCARE

PI has been actively involved in taking measures to ensure cost reduction in healthcare by promoting preventive and curative healthcare.

Through PI's 'Swasthya Seva' initiative for the rural community, 3 fully functional Mobile Healthcare Vans are operational for the benefit of the villagers. Our community outreach has brought healthcare to over 1,00,000 underprivileged people including women, the elderly and children.

1,00,000+ people

Our Healthcare outreach program has touched

SANITATION AND HYGEINE

570+
toilets
toilets set up in households and schools

The lack of toilets has been one of the prime reasons for the high dropout rate of the girl child. We have set up toilets in over 12 different schools in Gujarat to help overcome this challenge. Through this program we have sensitized 15,000 people comprising teachers, children and the community to the importance of sanitation and hygiene in promoting good health and preventing illness.

PI is also supporting the Government of India's '**Swachh Bharat Abhiyaan**' initiative. We worked on a 'Public-Private partnership model' to build toilets in the Bharuch area in Gujarat. So far a total of 571 household and school toilets have been set up. A comprehensive study on setting up Sewage Treatment Plant(STP) has been conducted to ensure total waster management of villages around plant location.

WATER PRESERVATION & PURIFICATION

Water is one of the most precious resources and its preservation is a pre-requisite for human existence.

PI has been striving to help the society implement measures to conserve water used for agricultural purposes. Our propagation of the DSR technique has impacted over 716,000 hectares of farm land thereby saving up to 393 billion gallons of water.

In Andhra Pradesh, Karnataka and Bihar, water has been made safe for drinking by the elimination of excessive fluoride and iron content through RO water plants installed by PI. Tap water facility provisions have been made in several schools in Gujarat and Rajasthan and as many as 10,000 families now have access to safe drinking water.

393+
billion
gallons
of water saved through DSR technique

SUSTAINABLE AGRICULTURAL PRACTICES

We have initiated village empowerment programmes through improved agriculture around a fully functional Food Park in Khargaon (Madhya Pradesh) to promote an agriculture based livelihood program. Over 4,000 farmers from 180 villages in the area have benefited from the program.

To create awareness around nutrient deficiency and pest attacks for crops, we started the 'Crop Clinic Initiative' in 40 villages of Samastipur district in Bihar which has touched the lives of over 5,000 farmers during the current year. In the Rayagada District of Orissa, PI has been providing practical training to small and marginal farmers of 24 villages from the Sikarpai block to operate hand-held tractors, better storage and market linkages, multi seed driller with sprayers for the judicious use of insecticides; this project has touched the lives of more than 1,000 farmers in the project area.

10,000+
farmers
were imparted training in leading agronomic practices

Optimizing the agricultural potential through innovation and research has always been our core objective and a guiding principle.

WOMEN EMPOWERMENT

88,666+
people
Our Healthcare outreach program has touched

Women in the rural areas of India are financially dependent on their male counterparts and families due to illiteracy and this also curbs the overall earning potential of families.

To address this challenge, we initiated an Entrepreneurship and Skill Enhancement programme. The programme has benefitted over 3,000 women across 40 villages in the Bharuch region of Gujarat. The program emphasizes skill development through training programs across dairy, agriculture and micro enterprises with the objective of helping women generate income through development of self-help groups and co-operatives. This has increased the earnings of over 2,700 women members directly. Credit was extended to over 300 women from the area, though self- help groups.

QUALITY EDUCATION & SKILL DEVELOPMENT

We strongly believe that education has the power to alter the face of tomorrow.

PI imparted employment linked skill development courses on Chemical Plant Operations, BPO, Sales & Marketing and Hospitality in the state of Gujarat. We also conducted large scale agriculture skill development programmes in Andhra Pradesh, Karnataka, Telangana, Haryana, Punjab and Bihar. These skill development programs have impacted over 600 youth and helped them gain employment.

We also undertook a Quality Education Initiative whereby 6,600 children from across 50 schools were taught reading, writing, comprehension and arithmetic. The initiative covered 41 villages in the Bharuch area in Gujarat. To promote comprehensive learning our Mobile Education Van Project has been imparting learning to the last mile through interactive and interesting techniques. PI had set up several examination centers in the remote regions of Gujarat where inaccessibility was the prime reason for students dropping out of schools.

7,500 children

benefited from our work in education and over 600 youth have got jobs.

CSR IMPACT OVER LAST THREE YEARS

SUSTAINABLE AGRICULTURE PRACTICES

7,16,000 hectares

of Farmlands benefitted by DSR technique there by saving **4.3 trillion litres** of Water

HEALTHCARE, HYGIENE AND SANITATION INTERVENTIONS

1,60,000 Lives

impacted using Mobile Healthcare Vans facilitated through **PI's 'Swasthya Seva"** Initiative .

WOMEN EMPOWERMENT

15,000+ Women

across **62 villages** in Bharuch Area benefitted through PI's Skill Enhancement Program.

EDUCATION INTERVENTIONS

18,000+ Children

across**125 Schools** benefitted through PI's Learning Enhancement Programmes.

SKILL DEVELOPMENT

850+ Youth

helped in gaining employment through large scale Agriculture Skill Development Programmes

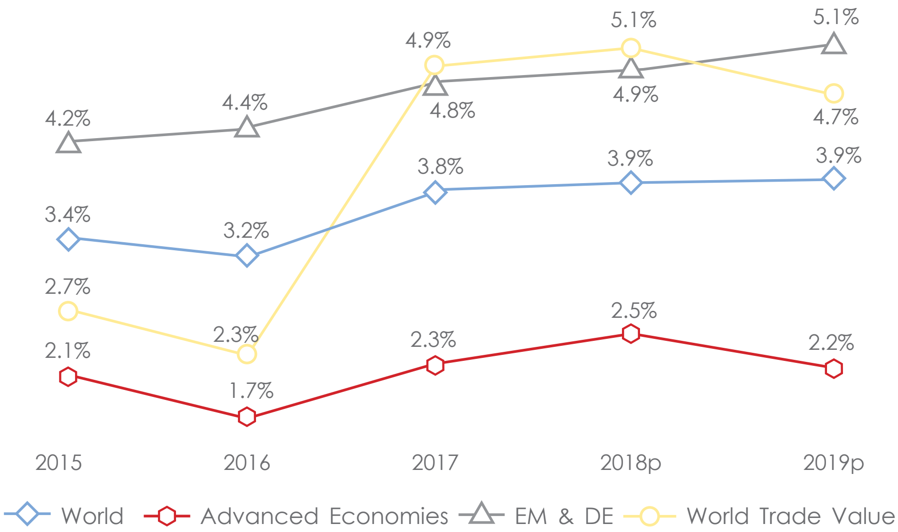
Inspired by Science

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

The Global economic recovery that started around mid-2016 gathered pace in 2017 and the world economy grew by 3.8% in 2017, fastest since 2011 as per IMF reports.

The global economic recovery was backed by continued improvement in most of the emerging markets and developing economies, with an uptick in investment activity in advanced economies backed by a sharp acceleration in global trade. Interestingly, the advanced economies grew at fastest pace in the last seven years with unemployment recording close to the lowest levels in recent times.



Global Growth: Key Indicators

The improvement in the Global Economic Growth was backed by an enhanced global trade growth in 2017. The World Trade Volume (goods and services) grew by 4.9% in 2017 against 2.3% in 2016. The upsurge was more pronounced in the emerging markets and developing economies, with trade growth rising from 2.2 per cent in 2016 to 6.4 percent in 2017. The global trade is expected to grow by a stronger 5.1% in 2018.

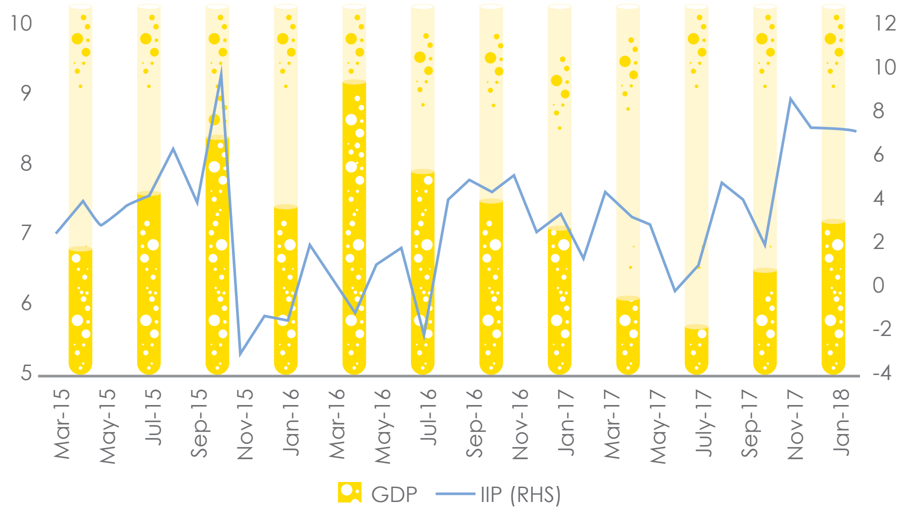
An ever-improving global demand, growing trade, abatement in deflationary pressures and sanguine financial markets are creating a strong positive feedback loop that is furthering expectations of a more robust global demand. However, the expectations remain checked by geopolitical tensions, flaring commodity prices, tightening of monetary policies, increase in government debt, especially, in advanced economies, slowing growth and policy changes in the large economies such as China. The cyclical global recovery along with inventory build-up across the value chain will further accelerate the demand for agrochemicals.

With financial conditions still supportive, IMF projects global economic recovery to tick up to a 3.9 per cent rate in both 2018 and 2019.

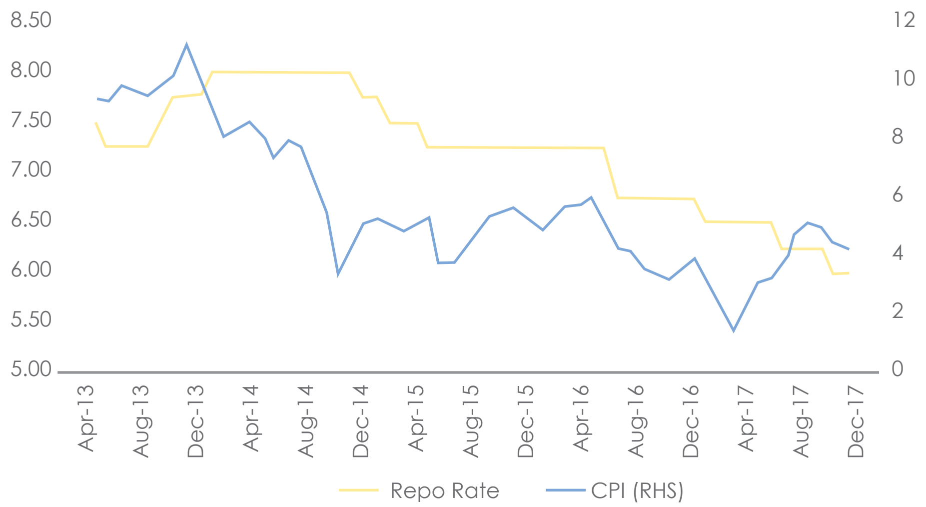
Faster than anticipated tightening of monetary policy, expansionary fiscal policy in the United States leading to widening of global imbalances and extension of trade restrictions along with geopolitical tensions are some of the key risks to the global economic growth.

INDIAN ECONOMY

The cyclical recovery of the Indian economy that began in 2016 was heldup by a few structural reform initiatives undertaken by the government in 2016 (demonetisation) and during Q2 and Q3 of CY2017 (Goods and services tax (GST), RERA). These initiatives had a transient effect on the organized industry and urban consumption; they had a much deeper impact on the labour-intensive unorganised sector.



Domestic Growth: Key Indicators



Inflation & Key Policy Rate

As a result, while the global economic growth saw a marked improvement in 2017, a visible slowdown in the Indian economic growth was observed. The GST-related working capital disruptions impacted the supply chain, which in turn, contributed towards the surge in imports and deceleration in exports in Q4 2017.

The Indian economic growth, however, rebounded in Q4, 2017 and grew by 7.2% YoY following an average gain of 6.1% YoY in the first three-quarters of 2017. The manufacturing PMI remained in an expansionary mode for the eighth consecutive month in March, although there was some moderation in later part. Retail inflation, measured by the year-on-year change in the CPI, fell from a level of 5.1 per cent in January to 4.4 per cent in February, due to a decline in inflation in food and fuel. The last four-month average IIP growth (Nov 2017-Feb 2018) is over 7.5%YOY, despite high base effect, an indicator of improving manufacturing activity.

IMF projects the Indian economy to grow at a much faster pace of 7.4% and 7.8% in 2018 and 2019, respectively. India is expected to maintain its higher relative growth compared to other major economies over the visible future and is forecasted to be among the top three global economies in terms of Gross Domestic Product by 2030.

Going ahead, the cyclical domestic recovery should be aided by the positive impact of several large-scale structural reforms undertaken by the current government and faster global growth. The reforms undertaken are expected to have a positive impact on the fiscal and current account deficit over the medium to long-term. Additionally, they will increase the efficiency and transparency of the Indian economy. Together, these will increase the confidence of both corporates and investors in the Indian economy.

Other factors that should positively impact Indian economic growth include expansionary fiscal policies, especially, oriented towards rural economy and infrastructure, ahead of Indian general elections in 2019.

GLOBAL AGROCHEMICAL INDUSTRY

Agrochemicals are chemicals that help boost crop productivity through prevention of destruction of crops by pests such as insects, weeds, fungus, etc.

The global economy, in general, and Indian, in particular, is facing a multitude of challenges such as to feed an ever-growing population, reducing arable land bank and dealing with adverse climatic changes.

Under such circumstances, the traditional methods of growing more crops are rendered inadequate. There is a growing acceptance to launch advanced agrochemical solutions to achieve higher field productivity.

While structurally the demand is expected to remain positive for the above-mentioned reasons, over the shorter run it does get impacted by cyclical factors. These include crop prices, the build-up in inventory across the value chain, climate vagaries, and hosts of other factors.

The agro-chemical industry was impacted by a slew of such factors and slowed down in the recent past years. Lowering of crop prices, adverse climatic conditions in Brazil and many other Asian countries, higher channel inventories together resulted in the decline of expenditure on agrochemicals. As a result, the global agrochemical industry has remained flat or in fact has downsized a bit between CY2013 and CY2017.

Alongside these developments, the global agrochemical industry is dealing with the supply shock on back of the nationwide crackdown by the Ministry of Environmental Protection in China, one of the largest contributors to the global agrochemical Industry.

Together these factors may bring some change to the global landscape of agrochemical industry. Over the visible future, the rising R&D costs, diminishing returns, greater thrust on portfolio integration and focus on core competencies could lead to increased outsourcing of opportunities for commercialisation of molecules and manufacturing for the proven industry players.

INDIAN AGROCHEMICAL INDUSTRY

The agriculture sector remains the backbone of the Indian economy. While it accounts for about 15% of the Gross Domestic Product, it provides employment opportunities to more than half of the Indian population. The large dependence of population on agriculture makes it politically a very sensitive sector. Even more sensitive is the volatility in food inflation, especially, amongst the perishable product categories such as vegetable. Often, the reasons for high food inflation have been an erratic supply. Some of the pests, including insects and pathogens can result in nearly complete loss of crops in the absence of effective control measures.

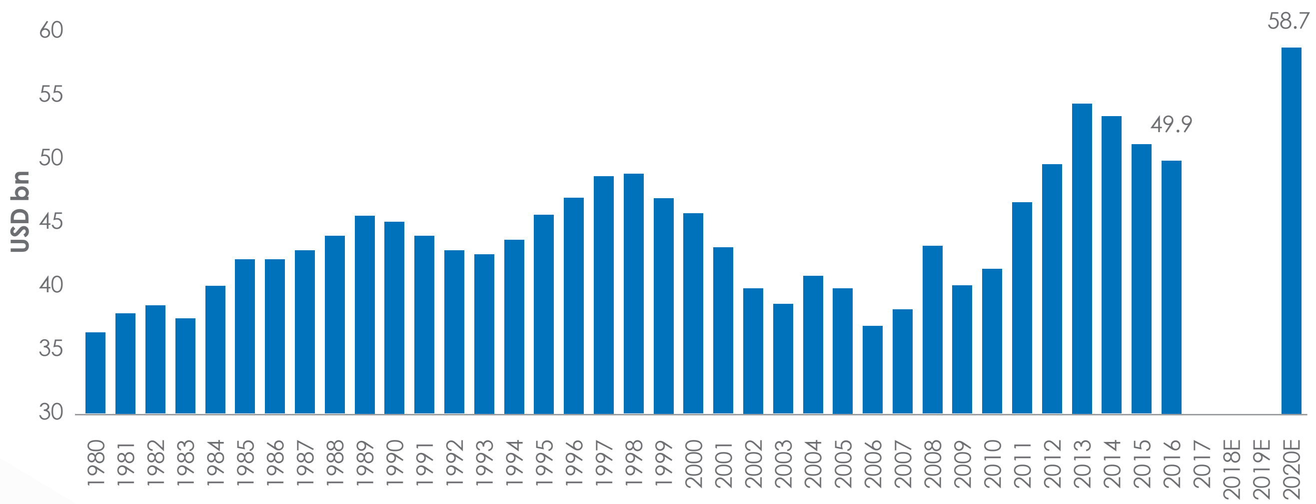
The current year's budget allocation and initiatives aspire to double the agriculture income in coming five years. The Union Budget 2018-19 has proposed to increase the MSP for Kharif crops to 1.5 times the producers' costs.

The consumption of crop protection products in India is quite low. India's agrochemical consumption at 0.5 kilograms per hectare is much lower than other similar size economies such as the UK (5-7 kgs per hectare) and China (~13 kgs per hectare).

Therefore, optimal usage of modern agrochemicals can considerably enhance farm productivity, reduce wastage and enhance income. Moreover, they will increase the farm income, in line with the government's target as stated earlier.

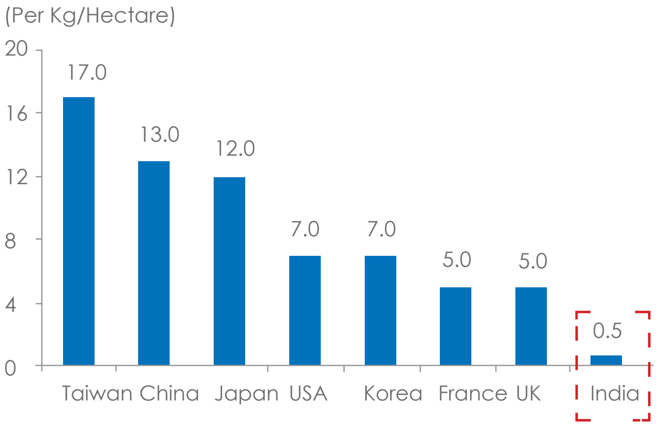
On the supply side, India, with a market share of around 10%, is globally the fourth largest producer of agrochemicals. India produced

Global crop protection market expected to grow at a CAGR of 4% over 2016-2020



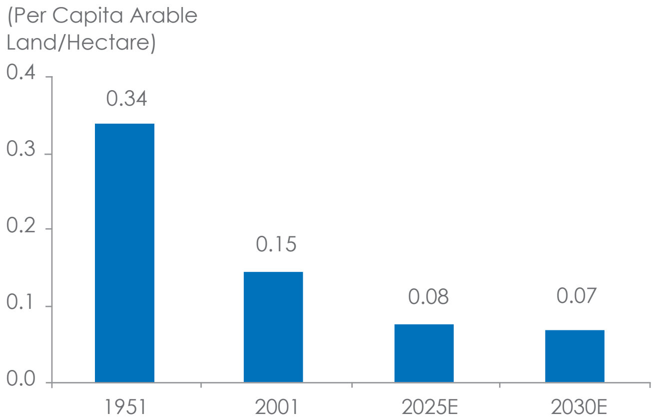
Source: Phillip McDougall

Worldwide consumption pattern of agrochemical



Source: Phillip McDougall

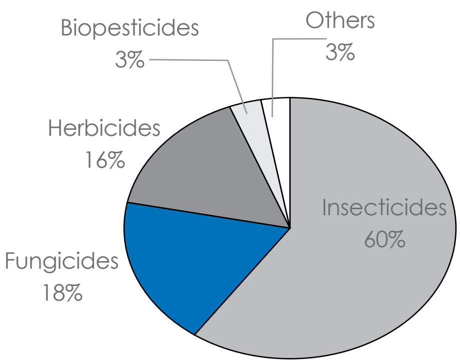
Declining arable land



US$4.9 bn in FY17, equally distributed between domestic markets and exports. The Indian agrochemical industry is expected to grow at 7.5% per annum to reach US$ 7.5 bn by FY19.

Insecticides (60%) form bulk of the agrochemicals followed by fungicides (18%), herbicides (16%) and other products (6%).

Indian Crop Protection Market Split



Source: FICCI

We believe that structural long-term growth drivers for India's agrochemicals industry are in place. These include rising farmer income, declining arable land, low penetration of agrochemicals, mounting labour costs and poor crop yields (vs. global average).

Based on FICCI, products worth US$2.9bn are expected to get off-patent by 2020 globally, providing significant export opportunities for India's generic agrochemical companies.

COMPANY OVERVIEW

Your Company is one of India's leading agrochemical company providing integrated and innovative solutions to its customers. PI enjoys tremendous brand recognition, a strong global presence over the years on the foundation of Trust, Integrity and IP protection.

PI has exclusive rights from several global corporations for distribution of their products in India and is constantly evaluating prospects to further expand its product portfolio. The spectrum of services that PI provides to its customers are interwoven and spread across its value chain, ranging from research and development, product and application development, registration, manufacturing, marketing & distribution and customer connect initiatives.

Over the past several decades, PI has worked relentlessly to provide value-added solutions to millions of farmers in the country and across the globe, carving a niche for itself in the market, and leaving a lasting impact on the minds of the customers. The strategic, differentiated and partnership approach has enabled the Company to grow at a faster pace, delivering superior returns to all its stakeholders.

Discovery, Development and Scale-up

At PI Industries, Research & Development is one of our key strengths and is imperative to our business model. The state-of-the-art R&D centre spread over the area of 1,20,000 square feet at Udaipur, Rajasthan, provides excellent infrastructure and lab facilities for our research scientists to carry out activities and specialise in the discovery

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space, including library synthesis, molecule design, lead optimisation, route synthesis, biological testing and greenhouse testing.

Some of the infrastructural developments at our R&D centre include advanced research and development labs for process and analytical development, workstations with complete online utilities, in-house library with a vast array of knowledge resources, kilo and pilot plants with NABL accreditation and GLP certification, and green houses for biological testing. Our IT infrastructure at the R&D centre includes Electronic Lab Notes (ELN) and Centralised LIMS systems for data and information management providing access to diverse databases.

We have a strong team of 300+ research scientists including more than 80 Doctorates specialised in-process research and complex chemistries. Our research & product development capability forms the core of our partnership with global innovators when it comes to in-licensing arrangements for patented / proprietary products for commercialising. Our in-depth expertise in process research, process development and analytical references enable us to provide integrated solutions to our global customers. We continue our focus on new innovative chemistries and processes, cutting-edge technologies

Product Evaluation & Registration

PI has a world-class, highly competent product evaluation team, which is equipped with the best- in -- class tools for data management, product characterization and knowledge generation to help the Indian farmers reap rich harvests by the use of these new age chemical ingredients..

The Company also has a highly knowledgeable, skilled and capable team of registration professionals with deep understanding of Indian regulatory system to register products in India and also facilitate the registration services for the innovators seeking registration in India. The team specializes in planning and coordinating studies with CRO's related to bio-efficacy, residue and

toxicological studies in compliance with the applicable regulations for the purpose of quality data submission and regulatory approvals.

Manufacturing

Our Company has invested in state-of-the- art technology at our manufacturing facility in Gujarat that is spread over a 100-acre land, ensuring the highest level of safety, product quality, productivity and consistency in the resulting product. The manufacturing facilities include 5 multi-purpose plants at Panoli and, 3 multi-purpose plants at Jambusar and dedicated high-pressure reaction facilities equipped with futuristic is automation. In addition, our 2 Formulation units at Panoli help us meet the requirements of our local as well as global clientele. The multi-purpose plants give us flexibility to produce new products in a short span of time and scale up to meet the demand of our clients. Our manufacturing facilities are ISO 9001, ISO 14001, OHSAS 18001, ISO 50001 and ISO 17025 certified that conform to very high safety and environment management standards. Our formulation facility process agrochemicals in WDG, WG, SC, E, EC, DP, GR, etc. and has a world-class warehousing facility. Our manufacturing facilities are also equipped with the amenities that help recover, recycle and preserve and reduce water consumption, which in turn, boost our Green Initiatives.

Time and again, our manufacturing facilities have been acknowledged and felicitated. We have been honored with various awards like Energy efficiency award by BEE, Green Manufacturing Excellence Award by Frost and Sullivan , Economic Times India Manufacturing Excellence Award by Frost and Sullivan & Golden Peacock, Environment Management

Award in all the three formats of Safety, Environment and Quality, National Quality award and National Safety Council's Shreshtha Suraksha Puraskar.

MARKETING & DISTRIBUTION

At PI, we cherish our legacy of building successful brands. We endeavour to further this and live up to our customer's expectations by leveraging our strong marketing and distribution set up that has gained a foothold across the length and breadth of the country.

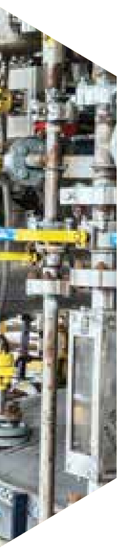
The efforts under our three-pronged marketing strategy are as follows:

- Pre-launch: In this stage, efforts are directed towards mapping the target users and markets, on-field training, generating testimonials, brand awareness and teaser campaigns.
- Product launch: This stage consists of finalization of theme and venue, engaging with our stakeholders to help them understand the product benefits and interaction with press and media for product coverage.
- Post-launch: This stage consists of exhaustive branding and promotional activities, channel handholding, demand generation activities, geographical and crop label expansion, and product stewardship.

Our brands benefit from their strong association with the farmer community and a huge recall. Many of our brands, including a few of which are over decades old, are leaders in their respective product categories.

During the year, we launched five new Products , Header, Fender, Visma, Humesol and Elite. Our other key brands include Nominee Gold, Osheen, Biovita, Cuprina, Roket, Foratox, Kitazin, Keefun, and Vibrant.

Through our hub and spoke distribution model, we reach out to more than a million farmers. It consists of over 40000 retail points, more than 10,000 channel partners, over 2000 people, more than 30 countries across 6 continents, over 30 stock points, 8 plants, and 4 global offices. All of them are well-integrated



through our centralized SAP-based ERP system, which also ensures a competent last mile connectivity.

CUSTOMER CONNECT

At PI Industries, we understand that our success depends upon the success of our customers. Our customer pool includes domestic customers, business partners, channel partners, strategic partners, joint venture partners, global clients and much more.

A satisfied customer forms the base of our existence. For the same reasons, we have been consistently investing in developing and enhancing our customer's experience. We also maintain an extensive database of farmers for each of our focus market. We complement our extensive physical rural presence with modern technology tools such as mobile and tablets, not only to stay connected with our farmers, but also helping them understand the benefits of present-day agri products.

We hold regular strategic business partners meet to update and train our channel partners on the shifting paradigms and technological advancement in agriculture. Our trained channel partners, in turn, along with their experienced field force meet farmers on a regular basis to address their concerns and to train them on improved methods of agriculture that would help them in increasing their crop yield and productivity.

Moreover, establishing a strategic partnership with global innovators forms the backbone of our business model. We have a longstanding relationship with over eighteen global innovators and we continue to strengthen our partnership with them. In addition, we are establishing relationships with new prospects to accelerate our expansion into newer geographies and market segments.

During the fiscal, we entered into an agreement with Kumiai Chemical Industry Co. Ltd. (Kumiai) to establish a Joint Venture Company (JVC) in India. The JVC is also another step towards "Make in India" initiative and will leverage Indian operational efficiencies. We serve our global customers by leveraging upon our state-of-the-art manufacturing setup backed by technology infrastructure. Our deep understanding and experience in handling a variety of chemistries backed by our strong in-house R&D and process research capabilities enable us to understand and develop complex products

in-house in line with our client specifications.

Our quick turnaround time, optimised manufacturing processes and on-time delivery performance have enabled us to become a partner of choice for our global customers.

FINANCIAL REVIEW

Your Company's revenue from operations for the year stood at Rs. 2308.71 crores, reflecting a decrease of 3.11 % on YOY basis. The operating profit for the year stood at Rs. 492.06 crores from Rs. 550.53 crores last year i.e. a decrease of 10.62 % YoY. The net profit for the year on stand-alone basis stood at Rs. 366.54 crores as compared to Rs. 457.36 crores in the previous year i.e. a decline of 19.86% on YOY basis which was mainly on account of higher effective tax rate of 20.9% as compared to last year because of certain withdrawal of abatement that your company availed n previous year. Our EBIDTA margin decreased 179 basis points to 21.31% in 2017-18 over 2016-17 and PAT margin stood at 332 basis points to 15.88% in 2017-18 over 2016-17.

The Earnings Per Share (EPS) for the year stood at Rs. 26.62 per share as compared to Rs. 33.31 per share for the previous year and debt equity ratio at 0.04 as compared to 0.07 in previous year.

ACCOLADES

During the year, your Company won several accolades. Amongst others, PI Industries was awarded the prestigious "Global Sourcing - Outstanding Performance Award" at the Baybuy Annual Suppliers' Awards 2017, organized by Bayer India at their Thane office in Mumbai, held on 15, December 2017. PI was declared a winner in the category for an outstanding performance during 2017. It was awarded for its collective effort in supplying several strategic products, proactive planning, and timely delivery of quality products against all odds and uncertainties of raw material sourcing in China.

In yet another achievement, PI also topped the TFS audit conducted by BCS for its leading suppliers by securing a score of 99 out of 100. TFS audit program basically assesses suppliers on various sustainability criteria, e.g., management, environment, health & safety, labour & human rights, and governance issues.

The Company was once again recognised for outstanding exports performance as it bagged 'Trishul award from Chemexcil' for outstanding exports performance during the year 2017. And not the least, the Company was also recognised for its CSR initiatives and was honoured with 'Social Change Award' 2017' for its CSR initiatives.

PI was also featured by ECOVADIS in the 'GOLD' category for a perfect integration of CSR principles into its business (Environment Management, Labor/Social welfare, Fair business practices), and sustainable supply Chain. Your Company with a score of 62 points out of total 100. We are among the top 12 supplier companies in the world from a group of 150 registered suppliers in the agrochemical sector. In the third party audit under TFS, company secured a phenomenal 100% score (200/200). These reporting initiatives indicate our continued progress in sustainability reporting.

CORPORATE SOCIAL RESPONSIBILITY

As a business enterprise that has steadily evolved over the last seven decades, at PI Industries, we remain committed to pursuing our business in a sustainable manner. Pursuing sustainable value creation, we balance our business interest with that of environment and well-being of society. Our CSR efforts during FY 17-18 have largely been focused on the areas around our plant location in Bharuch, Gujarat and agriculturally backward regions of the country.

Here, we have undertaken high-impact programmes in Education, Healthcare, Skill Development and Women Empowerment. In addition, under agriculture, we have focused on intervention around the theme of environmental sustainability, increase in farm yield and farm mechanization.

In line with our CSR philosophy, PI Foundation,, a CSR arm of PI Industries Limited, undertook several community development initiatives for the socio-economic development of underprivileged and marginalized communities, a glimpse of which is presented ahead in a separate section of annual report.

RISK MANAGEMENT

Your Company's risk framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the strategic, operational, and legal and compliance risks to achieve its key business objectives. Risk Management at PI seeks to minimize the adverse impact of these risks, thus, enabling the Company to leverage market opportunities effectively and enhance its long-term competitive advantage. The focus of risk management is to assess risks and deploy mitigation measures. This is done through periodic review meetings of the management.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

We are pleased to report that in the area of Human Capital, considerable progress has been achieved in the initiatives that began last year. Our campus relationship building exercise, which commenced last year, has paid rich dividends. We participated in the placement processes of premier campuses and made offers to nine candidates, all of whom have since joined us. A Talent Review process was put in place as a pilot in one part of our business and will be replicated throughout the Company in the coming year. The objective of the process is to segment our talent according to performance and potential and to develop customized training, careers and retention plans for them. Recognising that the provision of basic services matters the most to the vast majority of any workforce and is a key driver of employee satisfaction, we rolled-out an Employee Bill of Rights, which documents and communicates service levels that our employees can hold us to account against. This is supported by an HR Service Management tool to enable us to track our performance against the promised service levels.

A healthy workforce is a productive and engaged workforce. During the last quarter of the year, we launched a Wellness Program, a multi-dimensional initiative aimed at increasing employees' awareness of the need for a healthy lifestyle and preventive healthcare. The program's focus includes diet, exercise, stress management and disease prevention.

Our technology focus continued unabated as we implemented the Recruitment, Onboarding and Off-boarding modules of Success Factors and upgraded our time and attendance management system for enhanced linkage with SAP as well as data access and reporting". The total workforce of your Company stood at 2070 as on March 31, 2018.

INTERNAL CONTROL SYSTEMS

Your Company is committed to ensuring an effective internal control environment that provides reasonable assurance regarding the effectiveness and efficiency of operations, adequacy of safeguards for assets, reliability of financial controls and compliance with applicable laws and regulations. For this, the Company has laid down standard operating procedures and policies to guide the operations of the business.

The internal audit processes, both at the business and corporate levels provide reasonable assurance on the adequacy and effectiveness of such internal controls and compliances, through the reviews of the functions and processes, as per the annual audit plan agreed with the Audit Committee. A risk control mapping is in place for each audit unit. To maintain independence, the internal audit function reports to the Chairperson of the Audit Committee of the Board.

INFORMATION TECHNOLOGY

At PI Industries, we believe that a well-developed holistic and technologically advanced infrastructure is the key to success. We leverage technology to spur innovation, remain agile, stay well-connected, steer efficiencies and primarily to align with both the present and the future customer's needs.

We continue to optimally leverage the benefits of SMAC (Social, Mobile, Analytics & Cloud) to bridge the digital divide with our stakeholders, gain market leadership, engage with our customers, consumers, retailers and distributors. Our modern technology infrastructure enables us to provide them with a unique, nuanced and individualistic experience while interacting with us.

At PI Industries, it is our constant endeavour to provide the best possible customer-company interactions. To further this goal, we have launched the 'Customer Connect' application that allows us to record the detailed interactions with farmers, retailers and distributors. The application allows efficient monitoring of our field force with clearly defined tasks and metrics, enabling us to review their performance in real time with respect to actions undertaken for our customers.

In line with our cloud strategy, we have co-located our IT Infrastructure (servers, storage etc) to a Tier 3 certified data centre. In addition to providing best-in-class Infrastructure and a risk-free data centre class environment, this arrangement provides scalability from servers, storage and networking perspective to meet the need of our business growth on a real time basis. Additional benefits include improved compliances, cyber security and on demand scalability.

Several additions and enhancements to the existing Electronic Lab Notes (ELN), a scientific collaboration platform used by our scientists, have been undertaken and implemented directly that has helped improve their efficiency and productivity.

At PI Industries, we strongly believe that the success of an organization rests in the hands of its people. Going in sync with the same philosophy and prioritising the delivery of a seamless and effective on-boarding digital experience to our potential and new employees, we launched, 'Successfactors', a world-class human capital management tool that digitalizes Recruitment, Onboarding, Performance Management, Off boarding etc.

Our networking infrastructure like Data, Video and Internet has been adequately upgraded to ensure an effective digital collaboration both internally and with our partners.

OUTLOOK OF THE BUSINESS FOR NEXT YEAR INCLUDING PRODUCT LAUNCHES, IF ANY

Under-remunerative crop prices and stockpile of large inventories did fuel a prolonged demand slowdown for agrochemicals in key export markets. Initial indications of the slowdown cycle bottoming out are apparent, with strengthening of global commodity prices, drop in agrochemical exports from China, correction in exchange rate of Indian Rupee. Several agrochemical molecules, worth billions of dollars, are scheduled to go off-patent over the next couple of years, opening new opportunities for contract manufacturing and exports for the Indian companies.

In domestic market, second consecutive year of good monsoon shall boost agrochemical demand. Government's efforts to double farmers income by 2022 shall also emphasize upon containing crop losses by use of adequate and apt agrochemicals. Increasing awareness among farmers about the benefit of agrochemicals and their right usage too shall push consumption.

Our focus in FY2019 will be on scaling up sales of new products launched during FY2018. We shall back it up with more product launches. With considerable part of the target geographies yet to be tapped, our established products such as 'Nominee Gold' shall continue to drive growth. Scaling up of newly commercialized molecules, capacity expansion at Jambusar, acceleration in pickup of export shipments and Company's continued investment in R&D shall all help it deliver sustainable growth in coming years. Company's efforts to transcend beyond agrochemical domain, upon fruition, shall open a new chapter of sustained accelerated growth.

We will launch new products as well through our tie-up with global innovators on exclusive of or near exclusive basis for marketing and distribution rights, which will also contribute towards incremental sales.

Overall, we remain optimistic on both domestic and global growth potential.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis report may be 'forward looking statements' within the meaning of the applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include among other, climatic conditions, economic conditions affecting demand, supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

BOARD REPORT

Dear Members,

Your Directors are pleased to present the Seventy-First Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

(₹ in Cr.)

Particulars	FY 2017-18	FY 2016-17
Revenue from Operations	2308.72	2382.94
Other Income	59.98	35.82
Profit Before Interest, Depreciation and Tax	552.04	586.35
Interest	5.88	7.20
Depreciation	82.57	72.67
Profit before Tax & Exceptional items	463.59	506.47
Less: Current Tax inclusive of earlier year Tax	99.55	102.43
Deferred Tax Asset/Liability	(2.50)	(53.32)
Profit after Tax	366.54	457.36
Other Comprehensive Income	7.44	4.93
Total Comprehensive Income	359.10	462.30
Balance of retained earning brought forward from previous year	1189.35	806.96
- Profit for the year	366.54	457.36
- Other Comprehensive Income (OCI) for the year	1.13	(4.40)
Appropriations:-		
Final Dividend on Equity Shares 2016-17	34.40	-
Interim Dividend on Equity Shares 2017-18	20.64	20.64
Dividend Distribution Tax on Equity Shares	11.20	4.20
Transfer to General Reserve	36.65	45.74
Balance Profit / (-) Loss carried forward	1454.13	1189.35
Earning Per Share (EPS) (₹)	26.62	33.31
Basic & Diluted (₹)	26.55	33.08

2. KEY HIGHLIGHTS

Your company's Revenue from Operations for the year stood at ₹ 2,308.72 crores as compared to ₹ 2382.94 crores last year registering a decline of 3.11 % YoY. The Operating Profit for the year declined to ₹ 492.06 crores from ₹ 550.53 crores last year i.e. a decrease of 10.62% YoY. The Net Profit for the year on stand-alone basis stood at ₹366.54 as compared to ₹ 457.36 crores in the previous year i.e. a decline of 19.86% YoY on account of higher effective tax rates during the year under review.

EBIDTA margin decreased 179 basis points to 21.31 % in 2017-18 over 2016-17 and PAT margin declined 331 basis points to 15.88% in 2017-18 over 2016-17.

Your Company proposes to transfer an amount of ₹ 36.65 crores to the General Reserves.

Your Company's Net Profit on a consolidated basis stood at ₹ 367.63 crores during the year as compared to ₹ 459.44 crores in the previous year, a decline of 19.98 % YoY.

The Earnings per share (EPS) for the year stood at ₹26.62 per share, a decline of 20.08 % as compared to ₹ 33.31 per share for the previous year.

Your company launched five (5) new products in domestic segment namely Header, Fender, Visma, Humesol and Elite all of which received good reviews and expected to grow in coming years. Your company also commercialized four (4) new products for export market.

Your Company entered into a Joint-venture agreement with Kumiai Chemical Industry Co. Ltd., Japan on 22nd June, 2017 to manufacture and distribute Bispyribac Sodium, one of the flagship agrochemical products of Kumiai, in India to achieve operational efficiencies and further growth. In this joint- venture, PI subsidiary namely PI Life Science Research Ltd., holds 50% equity and remaining 50% share is held by Kumiai Chemical Industry Co. Ltd., Japan. This joint venture shall help PI to bring superior innovative solutions in India to enhance farm productivity and also leverage manufacturing efficiencies of India under "Make in India" initiative".

Your company invested ₹169.58 crores in fixed assets for expansion of manufacturing and Research & Development capacities.

3. PERFORMANCE REVIEW

The company revenues were flat as compared to last year (net of excise). Domestic revenues are moderated due to erratic and uneven rainfalls and channel de-stocking on account of GST transition. However, business continued to enhance its focus on the product spectrum and widen the exisitng portfolio of crop protection through a strategic tie up with BASF for introduction of novel products in the country. PI introduced some of the most advanced fungicides namely Header, Fender and Visma which helps strengthen the fungicide portfolio of the company. PI added 3 new co-marketing partners for Dinotefuran while achieving more than 100% growth in their own brand Osheen. Despite facing fierce competition from generics Nominee Gold expanded its customer base. The successful introduction of Humesol helped PI in increasing its presence in a rapidly growing bio stimulant market. The introduction of new innovative products, strengthening of existing partnerships & forging of new ones, channel expansion and focus on customer connect are some of the key strategic initiatives expected to drive the growth in coming years.

Your company's exports grew marginally by 1.2 % during the year despite a slowdown in the global market situation and challenge in availability of raw material especially from China. In order to reduce its dependency on Chinese raw material suppliers, the company has developed 6-7 alternate vendors in India for 6-7 key raw materials that shall help the company in the coming years. Commercialisation of 4 new molecules during the year along with the enhanced utilization of multi-purpose plants at Jambusar SEZ, is expected to provide further growth momentum to the exports in the coming years.

Your company has won numerous awards and received much recognition. Panoli manufacturing site has won National Safety Council award, Company also won prestigious Global Sourcing – Outstanding Performance Award, the only award recognised under the global outsourcing category at annual award ceremony organised by Bayer held on December 15, 2017. Your Company was once again recognised for outstanding exports performance as it bagged 'Trishul award' from Chemexcil for outstanding exports performance during the year 2017. For its CSR initiatives, your Company was honoured with 'Social Change Award 2017'.

Your Company was also rated by ECOVADIS in 'GOLD' category for Company's quality in integrating the principles of CSR into their business (Environment, Labor/ Social, Fair business/Ethics, and Supply Chain.

Research & Development (R&D)

During the year under review, the Research & Development team successfully carried out synthesis of 48 new development molecules. Out of these, 13 molecules were scaled up successfully for their next stage of development and 4 molecules were commercialised during the year. Apart from synthesis and scale up of new products, the Research & Development team also undertook process improvements for 17 projects in order to identify cost improvement opportunities and then implement 15 such project improvements at the plant level. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work.

You company has state of art R&D set up with green house facilities for biological testing which support to increase R&D projects under various disciplines of chemistry, library synthesis, molecule design, lead optimization, route synthesis, biological & green house testing and joint research assignments with global innovator partners.

Your company's research strategy and implementation are well supported by a strong team comprising of more than 300 research scientists having expertise and experience in chemistry, analytical techniques, IP management and basic & detailed process engineering. During the year, R&D undertook development work on various new projects covering different sectors i.e. Agro, Pharma and Electronic chemical applications. You will be further glad to know that your company has identified patentable processes and has initiated the patent evaluation process.

Your company continues to pursue cost leadership in which R&D team played vital role on process innovations for several existing products to identify cost improvement opportunities and at the same time maintaining highest standards of Quality, Health, Safety and Environment (QHSE). The company's R&D and manufacturing team are constantly working together to reduce environmental load, enhance safety and reduce cost.

4. FINANCE

Your Company continued to focus on managing cash efficiently and ensured that it has adequate liquidity and back up lines of credit. Net Cash from operations for the year stood at ₹ 314.47 crores. Your Company follows a prudent financial policy and aims at maintaining an optimum financial gearing. The Company's Debt to Equity Ratio was 0.04 as on March 31, 2018.

Your Company has been credit rated by CRISIL Limited. The Company's credit rating for long term was reaffirmed at AA/Stable and for short term loans, rating was reaffirmed at CRISIL A1+'. This reflects a very high degree of safety regarding timely servicing of financial obligations and also a vote of confidence reposed in your Company's financials.

5. DIVIDEND

During the year, the Board of your Company has declared an interim dividend of ₹ 1.50 per equity share of ₹ 1/- each in its Board Meeting on October 25, 2017. The Directors are pleased to recommend a final dividend of ₹ 2.50 per equity share of ₹ 1/- each. This will take the total dividend for the year to ₹ 4/- per equity share of ₹ 1/- each. The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on the record date i.e. August 01, 2018.

DIVIDEND DISTRIBUTION POLICY

PI believes in maintaining a fair balance between cash retention and dividend distribution. Cash retention is required to finance acquisitions and future growth, and also as a means to meet any unforeseen contingency.

PI Dividend Policy specifies the financial parameters that will be considered when declaring dividends, internal and external factors that would be considered for declaring dividends. The Policy has been put up on the website of the Company at http://www.piindustries.com/Media/Documents/Dividend%20Policy%20(f).pdf

SEBI, vide its notification dated July 08, 2016 has introduced a new Regulation 43A under SEBI(LODR) Regulations, 2015, requiring top 500 listed companies, based on market capitalisation calculated as on March 31 of every financial year, to formulate a Dividend Distribution Policy and disclosure of the same in their Annual Reports and on the company website. Since your company forms part of top 500 listed companies based on market capitalisation as on March 31, 2016, the Board of the Company has adopted a Dividend Distribution Policy, which can be accessed at following weblink http://www.piindustries.com/Media/Documents/Dividend%20Policy%20(f).pdf

6. SUBSIDIARIES & JOINT-VENTURES

As on March 31, 2018, the Company had three (3) Wholly-owned Subsidiaries and two (2) Associate Companies. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies.

The key highlights of these subsidiary and joint-ventures are as under:

SUBSIDIARY COMPANIES

(i) PI Life Science Research Ltd.

During the year, the Company posted a profit of ₹ 136.96 Lacs earned on account of various R&D activities for developing new products.

(ii) PI Japan Co. Ltd.

The Company posted a net profit of JPY 30.99 lacs during the year. Due to the size of operations and local laws, the annual accounts of this Company are not required to be audited. The same have been certified by the Management of the Company.

(iii) PILL Finance and Investments Ltd.

The Company posted a profit of ₹ 24.34 lacs during the year.

JOINT-VENTURES

Solinnos Agro Sciences Pvt. Ltd

The Company holds 49% equity in Solinnos Agro Sciences Pvt. Ltd through its subsidiary company namely PI Life Science Research Limited and hence an Associate Company. The Company posted a net profit of ₹ 30.35 lacs during the year ended March 31, 2018.

PI Kumai Pvt. Ltd

The Company holds 50% equity in PI Kumai Pvt. Ltd through its subsidiary company namely PI Life Science Research Ltd and hence an associate company, The Company posted a loss of ₹ 0.21 lacs on account of establishment expenses since the company has not commenced its operations during the period ended March 31, 2018.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014,a statement containing salient features of the financial statements of the Subsidiary and Associate Companies is given in form AOC-1. Refer **Annexure 'A'** to this Report.

The company does not have any material listed subsidiary company. In accordance with the provisions of Section 136 of the Companies Act, 2013, the Annual Report of the Company, containing the Standalone and Consolidated Financial Statements along with the Audited Annual Accounts of each Subsidiary Company have been placed on the website of the Company i.e. www.piindustries.com.

7. RISK MANAGEMENT POLICY AND INTERNAL CONTROLS

Your company processes are inbuilt to enable risks to be identified, assessed and mitigated appropriately. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. Risk assessment is conducted periodically and the Company has a mechanism to identify, assess, mitigate and monitor various risks to key business objectives. The Internal Audit Function regularly reviews various risks and places the report before the Audit Committee of your Company from time to time.

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

Your Company's Internal Control Systems are commensurate with the nature and size of its business and in view of the complexity of its business operations, these are designed to meet the challenges. The control system comprises of continuous audit and compliance by in-house internal audit team supplemented by internal audit checks by M/s KPMG India LLP., Internal Auditors of the Company. M/s PKF Sridhar & Santhanam have been engaged as the Depot Auditors to perform the internal audit function, assess the internal controls and statutory compliances in various areas and also provide suggestions for improvement.

The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the financial transactions and review the various business processes. Internal Audit reports are periodically placed before the Audit Committee of the Board. Independence of internal auditors is ensured through direct reporting to Audit Committee.

8. INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Company has in place an adequate Internal Financial Controls, with reference to financial statements. The Company has identified and documented all key internal financial controls as part of its Internal Financial Control reporting framework. The Company has laid down policies and procedures for all critical processes across company's plant, offices wherein financial transactions are undertaken. The policies and procedures cover the key risks and controls in all the processes identified to respective process owner. In addition, the Company has a well-defined financial delegation of authority which ensures approval of financial transaction by appropriate personnel. The Company uses SAP ERP to process financial transactions and maintain its books of accounts to ensure its adequacy, integrity and reliability.

The financial controls are evaluated for operating effectiveness through Management's ongoing monitoring and review process and independently by Internal Auditors.

In our view, the Internal Financial Controls over Financial Reporting are adequate and are operating effectively as on March 31, 2018.

9. RELATED PARTY TRANSACTIONS

A significant quantum of related party transactions undertaken by the Company is with its subsidiary companies engaged in business development activities. All Related party transactions that were entered during the financial year as stated in the financial statements were on an arm's length basis and in ordinary course of business in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations, 2015. There were no materially significant Related Party Transactions made by the Company during the year that would have required shareholder approval under the Listing regulations/Companies Act, 2013.

Prior omnibus approval of Audit Committee is obtained for the transactions which are foreseen and repetitive in nature. A statement of all Related Party Transactions is presented before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Related Party Transactions Policy as approved by Board on recommendation of the Audit Committee is uploaded on the Company's website at the following weblink: http://www.piindustries.com/Media/Documents/Related%20Party%20Transactions%20Policy(r).pdf

Your Company does not have any contracts or arrangements with its related parties falling under Section

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188(1) of the Companies Act, 2013. Hence, the details of such contracts or arrangements with its related parties are not disclosed in Form AOC-2 as prescribed under the Companies Act, 2013 and the Rules framed thereunder. Your Directors draw attention of the Shareholders to Note No. 34 of the standalone financial statements which set out related party disclosures.

10. AUDITORS

Statutory Auditors and Auditor's Report

The shareholders of the Company at last AGM held on September 06, 2017 had appointed M/s. Price Waterhouse Chartered Accountants, LLP, (ICAI Registration No-012754N/N500016), as the Statutory Auditors of the Company for an initial term of 5 years, subject to ratification by members at every AGM, if required under the provisions of the Companies Act, 2013. However, the Companies Amendment Act, 2017 has removed the requirement of ratification of statutory auditors and accordingly they hold their office till the conclusion of Annual General Meeting to be held in 2022.

Cost Auditor

Pursuant to the directives issued by the Central Government, an audit of the cost records relating to Insecticides (Technical grade and formulations) manufactured by the Company is required to be conducted by an auditor with the requisite qualifications as prescribed under Section 148 of the Companies Act, 2013. Your Board has appointed M/s K.G. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors based on the recommendation of the Audit Committee for the conduct of the audit of cost records of Insecticides (Technical grade and formulations) for the year ending March 31, 2019.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder, Members are requested to consider the ratification of the remuneration payable to M/s K.G. Goyal & Co., Cost Accountants.

Secretarial Auditor

The Board had appointed Mr. R.S. Bhatia (CP No.2514), practicing Company Secretary, to carry out Secretarial Audit in accordance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the financial year ended March 31, 2018. The Secretarial Audit Report for the financial year ended March 31, 2018 has been obtained and does not contain any qualification, which requires any comments from the Board. The Secretarial Audit Report for financial year ended March 31, 2018 is annexed to this report as **Annexure 'B'**.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of investments, loans and guarantees provided by the company are mentioned in Note No. 7 (b) and 7(c) forming part of the Notes to the financial statements.

12. DEPOSITS

Your Company has not accepted any public deposits during the financial year 2017-18 and as such no amount of principal or interest was outstanding as on March 31, 2018.

13. TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND(IEPF)

During the year, company had transferred an amount of ₹ 90,782/- towards unclaimed or unpaid for more than seven years to IEPF Account. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 06, 2017 (date of last Annual General Meeting) on the Company's website and on the website of the Ministry of Corporate Affairs. The details can be viewed at company's website at following link: http://www.piindustries.com/sites/default/files/Copy%20of%20Unpaid%20Div%2015%209%2015%20all.pdf

Pursuant to the provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer equity shares in respect of which dividends have not been claimed for a period of seven years continuously, to IEPF. Your Company has further transferred 1,69,835 equity shares pertaining to shareholders in respect of which dividend was unclaimed for seven consecutive years to IEPF demat account through NSDL corporate action pursuant to the provisions as contained in Sec 124(6) of the Companies Act, 2013 and rules made thereunder.

14. BOARD AND COMMITTEES

a) Board of Directors

Your Company is managed and controlled by a Board comprising an optimum blend of Executive and Non-Executive Professional Directors. The Chairman of the Board is a Non-Executive Independent Director. As on March 31, 2018, the Board of Directors consists of eight (8) Directors consisting of Managing Director & CEO, Whole-time Director and six (6) Non-executive Directors, out of which five (5) are Independent Directors including one Woman Director. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the relevant provisions of the Companies Act, 2013. All the Directors possess requisite qualifications and experience in general corporate management, strategy, finance, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

Declaration from all Independent Directors has been received confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and the Listing Regulations, 2015.

In order to strengthen the Board, Dr T.S. Balganesh was appointed as an Additional Director on the Board of the Company w.e.f May 16, 2017 on the basis of the recommendation of Nomination and Remuneration Committee. Shareholders in its meeting held on September 06, 2017 approved the appointment of Dr T.S. Balganesh as Independent Director on the Board for a period of 3 years from the date of aforesaid AGM. Further, Mr. Narayan K. Seshadri, Mr. Pravin K. Laheri, Mrs. Ramni Nirula were reappointed as Independent Directors to hold their office for another term of 5 years from the date of aforesaid AGM.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Arvind Singhal, shall retire by rotation at the forthcoming Annual general Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the approval of the members at the forthcoming Annual General Meeting.

b) Evaluation of the Board's Performance

In compliance with the Companies Act, 2013 and Regulation 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, Committees and performance of individual Directors during the year under review. The evaluation framework for assessing the performance of Directors comprised of criteria like quality of contribution to the Board deliberations, strategic perspective or inputs regarding future growth of Company and its performance, attendance of Board Meetings and Committee Meetings and commitment to shareholder and other stakeholder interests. The evaluation involves Self-Evaluation by the Board Members and subsequent assessment by the Board. A member of the Board does not participate in the discussion of his/her evaluation.

c) Number of Board Meetings conducted during the year under review

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, Board of Directors met five (5) times. The details of the Board meetings and attendance of the Directors are provided in the Corporate Governance Report.

d) Composition of Audit Committee

The Board has a duly constituted Audit Committee which comprises of Mr. Narayan K. Seshadri as the Chairman, Mr. Rajnish Sarna, Ms. Ramni Nirula and Mr. Ravi Narain as the members. Details on the Committee are given in the Corporate Governance Report.

e) Directors Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility statement:-

(a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards had been followed;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2018 and of the profit of the Company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively 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 and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. CHANGES IN KEY MANAGERIAL PERSONNEL

During the year, Mr. Subhash Anand was appointed as Chief Financial Officer w.e.f October 25, 2017 in place of Ms. Jayashree Satagopan who had relinquished her office on October 20, 2017. There has been no change in any other Key Managerial Personnel of the Company during the year.

16. ANNUAL RETURN

Pursuant to Sec 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in form MGT-9 is attached as **Annexure 'C'**.

17. EMPLOYEES

a) Remuneration policy of the Company

The Remuneration policy of your Company comprising the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including the criteria for determining qualifications, positive attributes, independence of a Director and other related matters have been provided in the Corporate Governance Report, which forms a part of this report.

b) Human Resources and Trade Relations

In the area of Human Capital, considerable progress has been achieved in the initiatives begun last year. Your company campus relationship building exercise which commenced last year has paid rich dividends. Company participated in the placement processes of premier campuses and made offers to nine candidates, all of whom have since joined us. A Talent Review process was put in place as a pilot in one part of our business and will be replicated throughout the company in the coming year. The objective of the process is to segment our talent according to performance and potential and to develop customized training, careers and retention plans for them. Recognising that the provision of basic services matters the most to the vast majority of any workforce and is a key driver of employee satisfaction, company rolled out an Employee Bill of

Rights which documents and communicates service levels our employees can hold us to account against. This is supported by a HR Service Management tool to enable to us to track HR performance against the promised service levels.

A healthy workforce is a productive and engaged workforce. During the last quarter of the year, company launched a Wellness Program, a multi-dimensional initiative aimed at increasing employees' awareness of the need for a healthy lifestyle and preventive healthcare. The program's focus includes diet, exercise, stress management and disease prevention.

Your company technology focus continued unabated as company implemented the Recruitment, Onboarding and Off-boarding modules of Success Factors and upgraded our time and attendance management system for enhanced linkage with SAP as well as data access and reporting".

During 2017-18, your Company continued to have cordial relationship with all its employees and maintained healthy, cordial and harmonious industrial relations at all levels.

Total workforce of your Company stood at 2070 as on March 31, 2018.

c) Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

Your Company has a zero tolerance for any abuse against Women at Workplace. Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as required under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013". The Company has constituted Internal Complaints Committee (ICC) known as Prevention of Sexual Harassment (POSH) Committee to enquire in to complaints of Sexual Harassment and recommend appropriate action. The Company has not received any complaint of sexual harassment during the financial year 2017-18.

d) Particulars of Employees and related disclosures

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and annexed as **Annexure 'D'**. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2). However, they are available for inspection during business hours upto the date of the next annual general meeting at the registered office of the Company. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Your Directors place on record their appreciation of the valuable contribution made by the employees of your Company.

e) Employee Stock Option Plan / Scheme

During the year, your Company discontinued grant of stock options under PII-ESOP Scheme, 2010 as per the recommendation of Nomination & Remuneration Committee of the Board. The stock options already granted would vest as per the conditions contained in the grant letter. As per the ESOP scheme, stock options shall vest after a lock in period of one year from the date of grant. The stock options vest in graded manner over a vesting period of four (4) years. The exercise price of stock options granted have been arrived by giving discount to the closing market price of the equity share on National Stock Exchange India Limited one day prior to the date of grant of option. Voting rights on the equity shares issued to employees under the ESOP Scheme are either exercised by them or through their appointed proxy. No employee has been issued stock options equal to or exceeding 1% of the issued capital of the Company at the time of grant. Details of options as required under SEBI regulations is given in **Annexure 'E'**.

18. VIGIL MECHANISM – WHISTLE BLOWER POLICY

Your Company has established a vigil mechanism for Directors and employees to report their genuine concerns, as approved by the Board on the recommendation of the Audit Committee. The Whistle Blower Policy of the Company is formulated and uploaded on the Company's website at the following weblink: http://www.piindustries.com/Media/Documents/Whistle%20Blower%20Policy(r).pdf

The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure 'F'** attached to this report.

20. CORPORATE SOCIAL RESPONSIBILITY ("CSR") AND RELATED MATTERS

In accordance with the requirements of Section 135 of the Companies Act, 2013, your Company has a CSR Committee comprising four members with Mr. Pravin K. Laheri, as Chairman and Mr. Mayank Singhal, Mr. Rajnish Sarna and Ms. Ramni Nirula as Members. Your Company also has formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at http://www.piindustries.com/sustainability/CSR/CSR-Policy

Your Company carried out the CSR activities through PI Foundation, a Trust set up by PI Industries Ltd, During the year, PI Foundation undertook several CSR initiatives under the following few categories:

- Water
- Education and Talent Nurturing
- Healthcare

- Hygiene & Sanitation
- Livelihood Enhancement
- Sustainable Agriculture
- Skill Development
- Employee Engagement through CSR

During the financial year 2017-18, the Company has contributed an amount of ₹ 8.58 cr. to PI Foundation, aggregating to 2% of its average net profits for preceding 3 financial years. However, PI Foundation has been able to spent an amount of ₹ 6.87 cr. during the financial year 2017-18, since few projects considered are ongoing and spread over 2 to 3 years and would thus require a continuous outflow in respect of the same.

The details of CSR activities undertaken by the Company are highlighted in the report format provided under the Companies (Corporate Social Responsibility Policy) Rules, 2014 in **Annexure 'G'** which is attached to this report.

21. CORPORATE GOVERNANCE

Your Company takes pride in its Corporate Governance structure and strives to maintain the highest possible standards. A detailed report on the Corporate Governance code and practices of the Company along with a certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Regulation 34 of SEBI (LODR) Regulations, 2015 forms part of the report and given in separate section of Annual Report.

22. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and Analysis is provided separately forms part of the Annual Report.

23. BUSINESS RESPONSIBILITY REPORT

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires top 500 listed companies by Market capitalisation to provide Business Responsibility Report in their Annual Report.

Your Company falls under the top 500 Listed Companies by market capitalisation and accordingly a Business Responsibility Report, describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Report.

24. CHANGES IN SHARE CAPITAL

During the year, your Company had issued 3,20,694 Equity Shares of ₹ 1/- each, which were allotted to PII ESOP Trust (Trust), set up to administer PII Employee Stock Option Plan-2010. The Trust allocates these shares to the employees of the Company and its subsidiaries upon exercise of stock options from time to time under the aforesaid Scheme. As a result of this allotment, the paid-up equity share capital of your Company increased to ₹ 13.79 cr. (comprising of 13,79,07,318 Equity Shares of ₹1/- each as on March 31, 2018) from ₹ 13.76 cr. (comprising of 13,75,86,624 Equity Shares of ₹ 1/- each as on March 31, 2017).

25. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:-

a) Issue of equity shares with differential rights as to dividend, voting or otherwise.

b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme saved and except issued under ESOP Scheme as referred to in this Report.

c) Neither the Managing Directors nor the Whole-time Director of the Company received any remuneration or commission from any of its subsidiaries

d) No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.

Further, there have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements are related and the date of the report.

26. ACKNOWLEDGEMENTS

Your Directors wish to express their grateful appreciation for the valuable support and co-operation received from bankers, business associates, lenders, financial institutions, shareholders, various departments of the Government of India, as well as the State Governments of Rajasthan & Gujarat, the farming community and all our other stakeholders.

The Board places on record its sincere appreciation towards the Company's valued customers in India and abroad alongwith its joint venture partners for the support and confidence reposed by them in the organization and looks forward to the continuance of this supportive relationship in the future.

Your Directors proudly acknowledge the contribution and hard work of the employees of the Company and its subsidiaries at all levels, who, through their competence, hard work, solidarity and commitment have enabled the Company to achieve consistent growth.

On behalf of the Board of Directors
For **PI Industries Ltd.**

Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 15, 2018

Inspired by Science

Annexure - A

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

(₹ in Lacs)

S. No.	Particulars	Name of the subsidiaries		
		PI Life Science Research Ltd	PILL Finance and Investments Ltd	PI Japan Co. Ltd
1.	The date since when subsidiary was acquired	9th December, 2004	17th August, 1992	23rd May, 2007
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	JPY;1 = .615050
4.	Share capital	94.50	36.00	30.75
5.	Reserves & surplus	1537.81	364.58	116.98
6.	Total assets	1680.58	403.17	183.26
7.	Total Liabilities	48.27	2.59	35.53
8.	Investments	56.45	53.07	-
9.	Turnover	337.02	17.07	490.90
10.	Profit before taxation	211.47	25.04	23.41
11.	Provision for taxation	74.51	0.70	5.40
12.	Profit after taxation	136.96	24.34	18.01
13.	Proposed Dividend	-	-	-
14.	Extent of shareholding (In percentage)	100%	100%	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations **Nil**
2. Names of subsidiaries which have been liquidated or sold during the year. **Nil**

On behalf of the Board of Directors
For **PI Industries Ltd.**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 15, 2018

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in Lacs)

Name of Associate Entity		Solinnos Agro Sciences Pvt. Ltd	PI Kumiai Private Ltd
1.	Latest audited Balance Sheet Date	31st March, 2018	31st March, 2018
2.	Date on which the Associate was associated	2nd May 2016	4th July, 2017
3.	Shares of Associate held by the company on the year end No. of shares	5,14,500 equity shares of ₹ 10/- each.	50,000 equity shares of ₹ 10/- each.
	Amount of Investment in Associates (₹ in Lacs)	51.45	5.00
	Extend of Holding (In percentage)	49%	50 %
4.	Description of how there is significant influence	PI Life Science Research Ltd (wholly owned subsidiary company of PI Industries Ltd.) holds 49% equity in Solinnos Agro Sciences Pvt. Ltd and 50% in PI Kumiai Private Ltd and accordingly able to participate in financial and operating policy decision making of the Company.	
5.	Reason why the associate/Joint venture is not consolidated	In case of Solinnos, control is with Mitsui Chemicals Agro Inc., Japan which holds 51% equity in the Company. In case of PI Kumiai, PI Life Science Research Ltd. hold 50% equity and 50% equity is held by Kumiai Chemical Industry Co., Ltd. Hence, same is not consolidated line by line and is accounted on equity basis only.	
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	116.46	9.79
7.	Profit/(Loss) for the year	30.35	(0.21)
i.	Considered in Consolidation	-	-
ii.	Not Considered in Consolidation	30.35	(0.21)

1. Names of associates or joint ventures which are yet to commence operations. **Nil**
2. Names of associates or joint ventures which have been liquidated or sold during the year. **Nil**

On behalf of the Board of Directors
For **PI Industries Ltd.**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 15, 2018

Inspired by Science

Annexure B

Form NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED March 31, 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
PI Industries Limited,
Regd. Office: Udaisagar Road,
Udaipur – 313 001, Rajasthan.
CIN : L24211RJ1946PLC000469

I have conducted the Secretarial Audit in respect of compliance with specific applicable statutory provisions and adherence to good corporate practices by **PI INDUSTRIES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me with a reasonable basis for evaluating the corporate conduct /statutory compliance and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 1956 and Companies Act, 2013 ('the Acts') and the rules as amended from time to time made thereunder, as applicable;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable as the Company did not issue any security during the financial year under review;

   d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

   e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities during the financial year under review;

   f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review;

   g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and

   h. Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 - Not applicable as the Company has not bought back any of its securities during the financial year under review.

vi) The Management has identified and confirmed the following laws as being specifically applicable to the Company:

   a. Insecticides Act, 1968
   b. Indian Boiler Act, 1932
   c. Explosives Act, 1884
   d. Poison Act, 1919
   e. Handling of Hazardous Waste Rules, 1988
   f. Petroleum Act, 1934

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the financial year ended March 31, 2018 complied with the aforesaid laws.

Based on the information received and records made available, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Director. The changes in the composition of the Board of Directors that took place during the financial year under review, were carried out in compliance with the provisions of the Acts and the Listing Agreement/Regulations;
2. Adequate notice was given to all the Directors regarding holding of the Board Meetings. Agenda was sent in advance before the meeting. There exists a system for Directors to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
3. Decisions at the Board Meetings were carried through with requisite majority & recorded as part of the minutes of the meetings. (No dissent was there nor any dissent recorded).

   In my opinion there are adequate systems & processes in the Company commensurate with the size & operations of the Company to monitor & ensure compliance with applicable laws, rules, regulations & guidelines & applicable general laws like labour laws, environmental laws & competition laws, etc.

   Based on the compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) of the Managing Director, Company Secretary and Chief Financial Officer taken on record by the Board of Directors at its meeting(s), I am of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with the specifically applicable laws, rules, regulations and guidelines as mentioned in this report and applicable general laws like labour laws competition laws, environmental laws, etc.

   I further report that

   The Company has allotted 3,20,694 equity shares to PII ESOP Trust on November 17, 2017 under the PII- ESOP Scheme 2010.

   The Company has transferred 1,69,835 equity shares to IEPF account in respect of folio where dividend has not been paid or claimed by the shareholders for seven consecutive years or more in accordance with IEPF Rules, 2016.

   The shareholders of the Company in its Annual General Meeting held on September 06, 2017 have approved the appointment of M/s. Price Waterhouse Chartered Accountants, LLP, (ICAI Regn. No.012754N/N500016), as the Statutory Auditors of the Company to hold office for a term of five years.

Sd/-

R.S. Bhatia

Place: New Delhi
Practicing Company Secretary

Dated: 15th May, 2018
CP No: 2514

Note: This report is to be read with letter of even date by the Secretarial Auditor, which is annexed to this report and forms an integral part of this report.

Annexure B-1

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

The Members,
PI Industries Limited,
Regd. Office: Udaisagar Road,
Udaipur – 313 001, Rajasthan.
CIN: L24211RJ1946PLC000469

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
4. Where ever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Sd/-
R.S. Bhatia
Practicing Company Secretary
CP No: 2514

Place: New Delhi
Dated: 15th May, 2018

Annexure - C

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018
(pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS

CIN	L24211RJ1946PLC000469
Registration Date	31st December, 1946
Name of the Company	PI Industries Limited
Category/Sub-category of the Company	Public Company / Limited by shares
Address of the Registered Office and Contact Details	Udaisagar Road, Udaipur-313 001
	Tel. (0294) 2492451-55 Fax: (0294) 2491946
	E-mail:- corporate@piind.com
	Website: www.piindustries.com
Whether listed company	Yes
Name, address and contact details of Registrar and TransferAgents, if any	Karvy Computershare Pvt. Ltd.
	Karvy Selenium Tower B, Plot 31-32,
	Gachibowli Financial District,
	Nanakramguda,
	Hyderabad- 500 032,Telangana
	Tel. No.: 040-6716 2222
	Fax No.: 040-2300 1153
	E-mail: einward.ris@karvy.com
	Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

S.No	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
1	Agri-Inputs	3808	98%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	PILL Finance and Investments Ltd. Udaisagar Road, Udaipur – 313 001	U65990RJ1992PLC055823	Subsidiary	100	2(87)
2	PI Life Science Research Ltd. 433-A, Ansal Chambers –II, 6, BhikajiCama Place, New Delhi-110 066	U73100DL2004PLC131109	Subsidiary	100	2(87)
3	PI Japan Co. Ltd. The To-han Building, 4thFloor, 11-4, Uchi-Kanda 2 Chome, Chiyoda-ku, Tokyo, 101-0047 Japan	-	Subsidiary	100	2(87)
4.	Solinnos Agro Sciences Pvt. Ltd. 5071, 5th Floor, Vipul Square, B-Block, Sushant Lok, Phase -1 Gurugram – 122009	U24309HR2016PTC063905	Associate	49	2(6)

5.	PI Kumiai Pvt. Ltd. 2-B, 1601, 16th Floor, Two Horizon Centre, Phase-V, DLF City, Gurugram-122 002	U51909HR2017PTC069751	Associate	50	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as a percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [as on April 01, 2017]				No. of Shares held at the end of the year [as on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/HUF	7,09,20,110	-	7,09,20,110	51.55	7,09,20,110	-	7,09,20,110	51.43	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-		-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Subtotal (A)(1):	**7,09,20,110**	**-**	**7,09,20,110**	**51.55**	**7,09,20,110**	**-**	**7,09,20,110**	**51.43**	**-**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**7,09,20,110**	**-**	**7,09,20,110**	**51.55**	**7,09,20,110**	**-**	**7,09,20,110**	**51.43**	**-**
	During the year 2017-18, paid up share capital of the Company has increased from13,75,86,624 to 13,79,07,318 Equity Shares of ₹ 1/- each on account of allotment of 3,20,694 equity shares in pursuance of the PII ESOP Scheme.								
B. Public Shareholding									
1. Institutions									
a) Mutual funds	1,75,67,425	-	1,75,67,425	12.77	2,57,18,692	-	2,57,18,692	18.65	5.88
b) Banks / FI	15,296	-	15,296	0.01	1,93,059	-	1,93,059	0.14	0.13
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-		-	-	-
g) FIIs/FPIs	2,98,97,282		2,98,97,282	21.73	2,07,39,095		2,07,39,095	15.05	-6.69
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	
Sub total (B)(1):	**4,74,80,003**	**-**	**4,74,80,003**	**34.51**	**4,66,50,846**	**-**	**4,66,50,846**	**33.83**	**-0.68**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	16,74,088	-	16,74,088	1.22	29,95,280	-	29,95,280	2.17	0.95
ii) Overseas	10,95,426	-	10,95,426	0.80	10,95,426	-	10,95,426	0.79	-
b) Individuals	-	-	-	-	-	-	-	-	
i) Individual shareholders holding nominal share capital upto₹1 lakh	96,55,005	5,53,348	1,02,08,353	7.42	1,00,34,522	3,13,202	1,03,47,724	7.50	0.08
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	21,88,802	2,02,500	23,91,302	1.74	17,59,542	2,02,500	19,62,042	1.43	(0.31)

Category of Shareholders	No. of Shares held at the beginning of the year [as on April 01, 2017]				No. of Shares held at the end of the year [as on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others -(specify)									
Directors	9,84,558	-	9,84,558	0.72	7,04,804	-	7,04,804	0.51	(0.21)
Non Resident Indians	11,52,854		11,52,854	0.84	10,88,461	-	10,88,461	0.79	(0.05)
Clearing Members	69,439	-	69,439	0.05	44,969	-	44,969	0.03	(0.02)
Trusts	10,23,446	-	10,23,446	0.74	13,44,010	-	13,44,010	0.98	0.24
Employee Benefit Trusts	2,36,319		2,36,319	0.17	2,76,346	-	2,76,346	0.20	0.03
NBFC Regd. with RBI	5,306	-	5,306	0.00	1,179	-	1,179	0.00	-
HUF	3,45,388	-	3,45,388	0.25	3,05,602	-	3,05,602	0.22	(0.03)
IEPF	-	-	-	-	1,69,835	-	1,69,835	0.12	-
Foreign National	32	-	32	-	684	-	684	0.00	-
Sub total (B)(2):	**1,84,30,663**	**7,55,848**	**1,91,86,511**	**13.95**	**1,98,20,660**	**5,15,702**	**2,03,36,362**	**14.75**	**0.80**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**6,59,10,666**	**7,55,848**	**6,66,66,514**	**48.45**	**6,64,71,506**	**5,15,702**	**6,69,87,208**	**48.57**	**0.12**
C. Shares held by Custodian for GDRs& ADRs	-	-	-	-	-	-	-	-	
Grand Total (A+B+C)	**13,68,30,776**	**7,55,848**	**13,75,86,624**	**100**	**13,73,91,616**	**5,15,702**	**13,79,07,318**	**100**	

B) Shareholding of Promoter(s)

S. No	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2017)			Shareholding at the end of the year (as on March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encum-bered to total shares	No. of Shares	% of total Shares of the Company *	% of Shares Pledged / encumbered to total shares	
1	Ms Madhu Singhal jointly with Mr. Mayank Singhal	1,36,47,100	9.92	-	1,36,47,100	9.90	-	-
2	Ms Madhu Singhal jointly with Mr. Salil Singhal	6,44,500	0.47	-	6,44,500	0.47	-	-
3	Mr. Mayank Singhal jointly with Ms. Madhu Singhal	3,20,24,820	23.28	-	3,20,24,820	23.22	-	
4	Ms. Pooja Singhal jointly with Mr. Salil Singhal	86,61,860	6.30	-	86,61,860	6.28	-	-
5	Ms. ShefaliKhushalani jointly with Mr. Salil Singhal	1,10,693	0.08	-	1,10,693	0.08	-	-
6	Mr. Salil Singhal jointly with Ms. ShefaliKhushalani	85,54,857	6.22	-	85,54,857	6.20	-	-
7	Ms. Madhu Singhal jointly with Ms. Pooja Singhal	36,34,450	2.64	-	36,34,450	2.64	-	-
8	Ms. Madhu Singhal jointly with Ms. ShefaliKhushalani	36,34,450	2.64	-	36,34,450	2.64	-	-
9	Ms. Pooja Singhal	3,690	-	-	3,690	-	-	-
10	Mr. Mayank Singhal	3,690	-	-	3,690	-	-	-

* Change of % due to increase in paid up capital during the year.

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C) Change in Promoters' Shareholding

S.No.	Particulars	Shareholding at the beginning of the year (as on April 01, 2017)		Shareholding at the end of the year (as on March 31, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	7,09,20,110	51.55	-	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/Decrease	-		-	-
	At the end of the year	-	-	7,09,20,110	51.43 *

* During the year 2017-18, paid up share capital of the Company has increased from 13,75,86,624 to 13,79,07,318 Equity Shares of ₹ 1 each on account of allotment of 3,20,694 equity shares in pursuance of the PII ESOP Scheme.

D) Shareholding Pattern of top Ten Shareholders

(other than Directors, Promoters and Holders of GDR's and ADR's)

S. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year (as on April 01, 2017)		Shareholding at the end of the year (as on March 31, 2018)	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	ICICI Prudential Value Discovery Fund	46,46,256	3.38	73,45,756	5.33
2	SBI Blue Chip Fund	42,32,337	3.08	47,39,396	3.44
3	Axis Mutual Fund Trustee Ltd. A/c Axis Mutual Fund A/c Axis Long Term Equity Fund	48,92,128	3.56	42,00,247	3.05
4	DSP Blackrock A.C.E fund Series = 1	-	-	27,90,864	2.02
5	UTI Mahila Unit Scheme	13,34,750	0.97	25,61,372	1.86
6	Amansa Holdings Pvt. Ltd.	-	-	25,09,397	1.82
7	Franklin Templeton Mutual Fund A/c Franklin India	10,95,822	0.80	20,79,905	1.51
8	Stichting Depositary APG Emerging Markets Equity Pool	15,92,383	1.16	15,99,252	1.16
9	Government Pension Fund Global	13,72,428	1.00	13,47,330	0.98
10	Rowanhill Investments Ltd	10,95,426	0.80	10,95,426	0.79
11	India Emerging Opportunities Fund Ltd.	13,01,985	0.95	9,25,299	0.67
12	Cartica Capital Ltd.	84,83,037	6.17	-	-
13	Smallcap World Fund, Inc	25,90,000	1.88	-	-
14	Oppenheimer International Small Company Fund	25,88,639	1.89	-	-

E) Shareholding of Directors and Key Managerial Personnel

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (as on April 01, 2017)		Shareholding at the end of the year (as on March 31, 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Directors				
1	Mr. Narayan K. Seshadri	7,64,013	0.56	4,84,259	0.35
2	Mr. Mayank Singhal Jointly with Mrs. Madhu Singhal	3,20,24,820	23.28	3,20,24,820	23.22
3	Mr. Mayank Singhal	3,690	-	3,690	-
4	Mr. Rajnish Sarna	2,20,545	0.16	2,20,545	0.16
	Other KMP's				
5	Mr. Subhash Anand, CFO	-	-	-	-
6	Mr. Naresh Kapoor, Company Secretary	13,488	0.01	14,150	0.01

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	12,043.57	-	-	12,043.57
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	27.29	-	-	27.29
Total (i+ii+iii)	12,070.86	-	-	12,070.86
Change in Indebtedness during the financial year				
Addition				
Reduction	3,666.95	-	-	3,666.95
Net Change	3,666.95	-	-	3,666.95
Indebtedness at the end of the financial year				
i) Principal Amount	8,379.64	-	-	8,379.64
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	24.27	-	-	24.27
Total (i+ii+iii)	**8,403.91**	**-**	**-**	**8,403.91**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration paid to Managing Director, Whole-time Director

(₹in Lacs)

S. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Mayank Singhal MD & CEO	Mr. Rajnish Sarna WTD	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	414.59	281.54	696.13
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 incl. stock options	14.14	0.39	14.53
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	357.42	201.05	558.47
	as % of profit			
	others, specify			
5	Others, please specify	-	-	-
	Total (A)	**786.15**	**482.98**	**1,269.13**
	Ceiling as per the Act (in ₹ /Lacs) (@ 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			4866.00

B. Remuneration to Non-Executive Directors

(₹in Lacs)

S.No.	Name of the Non-Executive Director	Fee for attending Board/ Committee meetings	Commission	Total
1.	Mr. Narayan K. Seshadri	4.00	30.00	34.00
2.	Mr. Pravin K. Laheri	4.00	17.87	21.87
3.	Mrs. Ramni Nirula	3.95	17.87	21.82
4.	Mr. Ravi Narain	3.50	17.87	21.37
5	Mr. Arvind Singhal	1.75	17.87	19.62
6	Dr. T.S. Balganesh	1.75	13.40	15.15
	Total managerial remuneration to Non-Executive Directors (B)	**18.95**	**114.88**	**133.83**
	Ceiling as per the Act (₹ in Lacs) @ 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013			486.60

** Dr.T.S. Balganesh appointed as an Additional Director w.e.f. May 16, 2017.

% excluding reimbursement of travel and other expenses incurred for the Company's business / meetings.

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C. Remuneration to Key Managerial Personnel other than MD/WTD

(₹in Lacs)

S.No.	Particulars of Remuneration	Mrs. Jayashree Satagopan CFO **	Mr. Subhash Anand CFO *	Mr. Naresh Kapoor Company Secretary	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	140.60	83.25	29.74	253.59
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 incl. stock options	0.22	-	0.33	0.55
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Options	-	-	30.24	30.24
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**140.82**	**83.25**	**60.31**	**284.38**

* Mr. Subhash Anand has appointed w.e.f. October 25, 2017

** Mrs Jayashree Satagopan resigned w.e.f. October 20, 2017.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			NONE		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NONE		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NONE		
Compounding					

On behalf of the Board of Directors
For **PI Industries Ltd.**

Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 15, 2018

Annexure - D

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. **The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year 2017-18 as well as the percentage increase in remuneration of each Directors as under:**

   (Explanation: (i) the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values)

Name of Director	Ratio to Median Remuneration	% increase in remuneration over previous year
Non-Executive Director		
Mr. Narayan K. Seshadri	5.47:1	-2.16
Mr. Pravin K. Laheri	3.52:1	-4.91
Ms Ramni Nirula	3.51:1	-10.94
Mr. Ravi Narain	3.44:1	-1.75
Mr. Arvind Singhal	3.16:1	82.51
Dr. T.S. Balganesh@	2.44:1	
Executive Director		
Mr. Mayank Singhal, Mg. Director & CEO	126.43:1	-5.96
Mr. Rajnish Sarna, Whole-time Director	77.68:1	-4.72

   Notes: @ Dr Balganesh was inducted as member of Board on May 16, 2017.

   Remuneration to Non-Executive Director comprises of Sitting fees and Commission.

2. **The percentage increase in median remuneration of employees in Financial Year 2017-18: 11%**

3. **The number of permanent employees on the rolls of Company as on March 31, 2018:1867.**

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

	% change in remuneration
Average increase in salary of employees (other than managerial personnel)	11%
Average increase in salary of managerial personnel	Nil

   The increment given to each individual employee is based on the employees' potential, experience, performance and contribution to the Company's progress over a period of time and also benchmarked against a comparable basket of relevant companies in India. It may however be noted that Executive Directors are also entitled to commission which is decided by Board on the basis of the recommendation(s) received from Nomination & Remuneration Committee. Further stock options have been granted to Whole-time Director and Company Secretary. Hence, the same is strictly not comparable to percentile increase in salary of other employees. It is clarified here that value of stock option has not been taken in to account for computing this increase.

5. **Affirmation that the remuneration is as per the Remuneration Policy of the Company.**

   It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

On behalf of the Board of Directors

For **PI Industries Ltd.**

Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 15, 2018

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Annexure - E

Details of Shares issued under Employee Stock Option Plan (ESOPs)

The position of the existing scheme is summarized as under-

I. Details of ESOP Scheme

S. No.	Particulars	Remarks
1.	Date of Shareholder's Approval	21st January, 2011
2.	Total number of options approved	62,62,090
3.	Vesting Requirements	Options shall vest after a Lock-in-period of one year from the date of grant.
		Option shall vest in four years as per the Company's ESOP plan.
4.	The Pricing formula	10% discount to market price on NSE a day prior to date of grant.
5.	Maximum term of Options granted (years)	10 years
6.	Source of shares	Primary -Fresh equity allotment by Company to the Trust
7.	Variation in terms of ESOP scheme	Nil

II. Option Movement during the year ended March 31, 2018

	March 31, 2018		March 31, 2017	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	1,360,078	447.36	1,559,507	243.69
Options Granted during the year	-	-	457,864	744.00
Options Forfeited / Surrendered during the year	438,658	510.91	154,116	203.31
Total number of shares arising as a result of exercise of options	233,496	194.84	503,177	160.79
Money realised by exercise of options (₹ lacs)	454.95	NA	809.06	NA
Number of options Outstanding at the end of the year	687,924	492.55	1,360,078	447.36
Number of Options exercisable at the end of the year	266,748	255.81	191,883	139.83

III. Weighted Average remaining contractual life

Range of Exercise Price			March 31, 2017	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	72,454	1.66	84,884	2.58
75 to 150	108,893	5.22	397,689	6.14
150 to 450	91,839	6.21	181,154	6.91
450 to 750	414,738	6.62	696,351	7.45

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

(in ₹)

	March 31, 2018	March 31, 2017
Exercise price is less than market price (in ₹)	NA	435.15

V. The weighted average market price of options exercised during the year ended March 31, 2018 is ₹ 882.59 (March 31, 2017 is ₹ 832.44).

VI Employee-wise details of options granted during the financial year 2017-18 to:

(i) Senior managerial personnel

Name of employee	No. of Options granted
Not Applicable – No options granted during the year	-

(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year

Name of employee	No. of Options granted
Not Applicable – No options granted during the year	-

(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Name of employee	No. of Options granted
None	

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

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

The Assumptions used in the model are as follows:

Variables	March 31, 2018	March 31, 2017
	Weighted Average	Weighted Average
1. Risk Free Interest Rate	NA	6.67% to 6.89%
2. Expected Life(in years)	NA	4 to 7 years
3. Expected Volatility	NA	39.02% to 40.52%
4. Dividend Yield	NA	0.37%
5. Exercise Price (in ₹)	NA	744.00
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	845.40

* No options granted during the year ended March 31, 2018.

VIII. Assumptions:

1 Stock Price: Closing price on National Stock Exchange on the date of grant has been considered

2 Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

3 Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities

4 Exercise Price: Exercise Price of each specific grant has been considered.

5 Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

6 Expected divided yield: Expected dividend yield has been calculated based on the dividend declared prior to the date of grant.

On behalf of the Board of Directors
For PI Industries Ltd.

Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 15, 2018

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Annexure - F

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Pursuant to section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

(A) CONSERVATION OF ENERGY

(i) Steps Taken or Impact on Conservation of Energy:

The Company continued its efforts to improve energy efficiency and conservation at its manufacturing units and R&D centre. As part of energy conservation and management system, continuous monitoring of energy generation, distribution, utilization and conservation was carried out for effective utilization of energy.

Steps taken during the year (2017-18) to conserve energy include:

- ISO 50001:2011 Energy Management System (EnMS) Certification for Jambusar site.
- Rain water harvesting by collecting rain water from roof of plants and trenches to use natural resource and conserve surface water runoff & reduce soil erosion.
- Low Sulphur fuel selected for Boiler to improve the stack emission quality results into carbon foot print.
- Drip Irrigation as alternate method to surface irrigation was incorporated in garden to conserve water and nutrients by allowing water to drive slowly to roots.
- Cooling tower cycle of concentration and blow down optimized by improving the makeup water quality, result into saving in water consumption.
- Pressurised De aerator was installed in Boiler for removal of dissolve oxygen and hence reduction in chemical consumption.
- Variable frequency drive were configure with pressure transmitter to regulate and maintain the constant pressure in secondary pump of chilled water & cooling water for energy conservation.
- Steam trap system and condensate recovery system optimized to improve the condensate recovery and heat recovery from waste steam.
- Automatic load controllers were installed in chiller & brine unit to optimize the power consumption.
- Hot air generation from low pressure Root blower in place of High pressure compressor for energy conservation.
- Installed shell and tube heat exchanger condenser in place of PHE in chilled water system to improve the heat transfer and reduce the power consumption of the compress. Good saving realised by this initiative in 2017-18 due to reduce the gasket change over and decontamination cost.

(ii) Steps taken for utilization of Alternate sources of Energy:

As part of its long term sustainability plan, the Company has initiated various steps towards utilizing alternate sources/ renewable source of energy. Some of the key initiatives implemented by the Company are:

- 250 KWP roof top solar power plant was installed
- Replaced 125W HPMV Lights in plant area with 45 W LED Lights to reduce energy consumption.
- Replaced conventional tube light rods with LED rods in administrative office for energy consumption reduction.

Plans for the year 2018-19

- Installation of Micro turbine in place of PRV to generate Power by pressure reduction of Steam from 8.5 to 3.5 Kg/Cm2.
- Fuel emulsification system to improve the combustion efficiency in the Boiler. Vendor will be given guarantee through financial term for ensuring benefit once the system is installed.
- Online auto tube cleaning system for Chiller condenser to improve the chiller performance and hence specific power consumption.
- Artic Master for Direct expansion chiller units for AHU for energy conservation

(B) TECHNOLOGY ABSORPTION

1. Efforts made towards technology absorption

To enhance technological capabilities, various new technologies are being considered and developmental work both at R&D and scale up stage is initiated on the following areas:

- Full fledge flow-chemistry lab is under establishment at R&D centre to provide facility for trial on various molecules to improve productivity, reduce risk and plant footprint.
- High pressure air oxidation technology is successfully commercialised at Jambusar site.
- Scale up facility is strengthen by incorporating various new specialised equipments like automated jacketed reactors, parallel synthesizer, reaction calorimeter with FBRM etc.
- Planning to develop expertise in New chemistry areas like Fluorination, Phosgenation, Carboxylation etc.

New state of art facilities for R&D at second floor of PPSRC is operational at Udaipur which has enhanced capabilities and productivity. Process innovation team is now fully engaged on new age chemistry for the synthesis of molecules in the fields of Agrochemicals, Fine Chemicals, Speciality Chemicals and Photographic chemicals for improving efficiencies.

Continuous improvement of the commercial production processes have been made possible through technology absorption methods which include:-

- Regular training programs including internal technical training across groups, troubleshooting and cost reduction sessions for our scientists, chemists & technologists to equip them to cope with new scientific and technical challenges.
- Interaction with National Laboratories, IITs, CSIR Institutions and Universities, R&D laboratories of various MNCs for upgradation of knowledge and coordinating with them for development of new products and training of scientists.

2. **Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Development of indigenous technology has led to cost reduction, use of environment friendly synthesis routes and conservation of foreign exchange.
- IP generation in the name of company through new technology development by innovative solutions.
- Developmental processes have been initiated at lab scale. This will convert few batch processes into continuous uninterrupted processes which will ultimately result into consistency of the product under manufacture.
- Training sessions among different groups of R&D have resulted in effective and innovative solutions.
- Improvement in manufacturing processes for existing molecules and development of new products for exports have led to wider knowledge base and capability enhancement of the R & D staff.
- Replacement of hazardous and toxic reagents with less hazardous environment friendly substitutes has helped in pollution abatement and odour control. Thus the Company has been successful in adapting the national norms and working towards protecting the environment along with other industries.

3. **Imported Technology:**

(a) **The details of technology imported:** Mono methyl Hydrazene synthesis
(b) **The year of import:** 2017-2018
(c) **Whether the technology has been fully absorbed:** Under progress
(d) **If not fully absorbed, areas where absorption has not taken place, and the reason thereof:** Not Applicable

4. **Expenditure on R&D**

(₹ in Cr.)

Particulars	Current year 2017-18	Previous year 2016-17
a. Capital Expenditure	16.65	53.04
b. Revenue Expenditure	56.37	34.61
c. Total	**73.02**	**87.65**
d. Total R&D expenditure as percentage of Revenue from Operations	3.16%	3.68%

(C). FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of total foreign exchange used and earned have been provided below:-

(₹ in Cr.)

Particulars	Current year 2017-18	Previous year 2016-17
Foreign Exchange Earned	1,382.52	1,384.04
Outgo of Foreign Exchange	506.38	593.72

On behalf of the Board of Directors
For **PI Industries Ltd.**

Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 15, 2018

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Annexure – G

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

    - Your company lays special emphasis on livelihood promotion and economic well-being of communities around PI plant sites and small & marginal farmers across the country. The thrust is on Healthcare, Water, Sanitation & Hygiene, Sustainable Agricultural Practices, Women Empowerment, Quality Education and Skill Development of rural youth.
    - The CSR Policy has been framed for successful and sustainable implementation of projects in accordance with The Companies Act, 2013. A sustainable CSR plan and agenda is set for a time frame of 3-5 years.
    - The CSR Policy as approved by Board of Directors is available on the company's website. Web Link - http://www.piindustries.com/corporate-social-responsibility.html.

2. **The Composition of the CSR Committee as on March 31, 2018.**

    CSR Committee Members comprised of following members as on March 31, 2018

    - Mr. Pravin K. Laheri, Independent Director, Chairman of the Committee
    - Mr. Mayank Singhal, Managing Director & CEO, Member
    - Mr. Rajnish Sarna, Whole-time Director, Member
    - Ms. Ramni Nirula, Independent Director, Member

3. **Average net profit of the company for last three financial years (Amount in Cr.): ₹ 428.75 Crores**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) (Amount in Cr.): ₹ 8.57 Crores**

5. **Details of CSR spent during the financial year.**

(a) Total amount spent for the F.Y.	₹ 6.87 Crore
(b) Amount unspent, if any	₹ 1.70 Crore
(c) Manner in which the amount (₹) spent: as mentioned in the table given on the following page.	

6. **In case the Company failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report.**

    Your Company has contributed an amount of ₹ 8.57 Crores to PI Foundation (i.e. 2% of average net profit of 3 preceding financial years) for carrying out CSR activities. The Foundation has spent an amount of ₹ 6.87 Crores during the financial year 2017-18. The Foundation has not been able to spend entire amount, as some of its projects are of long term duration and spread over a period of 2 to 3 years.

    Further, PI Foundation has shortlisted & is finalizing several new projects to be undertaken under CSR activities.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objects and Policy of the Company.**

    The implementation and monitory of CSR Policy is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board of Directors
For PI Industries Ltd.

Sd/-
Pravin K. Laheri
Chairman – CSR Committee
DIN : 00499080

Sd/-
Mayank Singhal
Managing Director & CEO
DIN : 00006651

Place : Gurugram
Date : May 15, 2018

Annexure to CSR Report [point 5(c) of CSR Report]

(₹ In lacs)

S. No.	CSR Project or activity identified	Sector in which the project is covered	"Projects or Programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken"	Amount outlay (budget) project or programs wise in lacs (₹)	"Amount spent on the projects or programs in lacs (1) Direct Expenditure on projects or programs (2) Overheads"	Cumulative expen-diture up to the reporting period in lacs (₹)	Amount spent: Direct or through implementing agency
1	Environmental Sustainability	Conservation of natural resources, Promoting ecological balance and maintaining quality of soil, air and water	• Sustainable Rice Production with Conservation of Natural Resources(PAU & NGOs) • Awareness Creation amongst Farmers on Sustainable Rice Production from Transplanted to Direct Seeded Rice (RAU Pusa, Bihar) • Training Farmers on Water Conservation in Rice Production through Change in Method of Cultivation(UAS Raichur, Karnataka) • DSR: An Alternative method of paddy cultivation and way to mitigate the climate change (UAS, Raichur) • Water Conservation through Accelerating the Adoption of Direct Seedling of Rice (DSR) Technology in Madhya Pradesh • Awareness Creation amongst Farmers on Sustainable production of rice and vegetable crops in Khargaon, Madhya Pradesh • Income Generation Programme through Sustained Agriculture in Rayagada District of Orissa	175.50	167.21	167.21	Spent through PI Foundation / Implementing Agency
2	Education, Skill Development and Livelihood Enhancement Projects	Promoting Education and employment enhancing vocational skills and Livelihood Promotion of economically backward community	• Industry Orientation Agri Skill Development for Rural Youth in Telangana, A.P and Karnataka • Vocational Training Program on Chemical Plant Operators, Quality Assurance and Quality control in Dharmsinh Desai University, Nadiad, Gujarat • Training in IT, Sales & Hospitality for rural underprivileged Youth in Jambusar, Gujarat • Prime Minister's Fellowship Scheme for Doctoral Research • Educational Scholarship • Education, Policy Research and Advocacy • Adoption of Primary Schools at Plant Locations - Jambusar & Panoli - Improving the school facilities and infrastructure. • Providing Supplementary Materials in surrounding schools at Plant Locations	271.42	258.50	258.50	Amount spent through PI Foundation / Implementing Agency

Inspired by Science

S. No.	CSR Project or activity identified	Sector in which the project is covered	"Projects or Programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken"	Amount outlay (budget) project or programs wise in lacs (₹)	"Amount spent on the projects or programs in lacs (1) Direct Expenditure on projects or programs (2) Overheads"	Cumulative expen-diture up to the reporting period in lacs (₹)	Amount spent: Direct or through implementing agency
			• Supporting Mobile Education Van Initiative at Ankleshwar • Mobile Crop Clinic for Soil Testing, Crop Advisory, Crop demonstration, promotion of modern technology in farming, weather forecasting • Entrepreneurship Development and Training in Scientific Bee Keeping				
3	Health, Hygiene and Sanitation	Promoting preventive health-care and Sanitation & making available safe drinking water.	• PI Foundation Swasthya Seva through 3 Mobile Medical Vans in 59 Villages of Jambusar • Construction and maintenance of School Toilets in 12 Schools of Bharuch, Gujarat • School Sanitation Awareness & Behavioural Change programme in 12 schools of rural Bharuch, Gujarat • Up keeping and maintenance of School Toilets • Purified water supply to Villagers in Bihar • Flood Relief in Bihar	130.45	129.00	129.00	Amount spent through PI Foundation / Implementing Agency
4	Women Empowerment	Promoting gender equality, empowering women for reducing inequality faced by socially and economically backward groups	• Empowerment of Women through Skill Development & marketing support for dairy • Financial & Legal Literacy of Women • Support to Women Small Farm Holders & Workers under Dairy Value Chain- Women Entrepreneurship and initiating Cattle Feed Centres in twenty five villages of Jambusar Taluka	79.58	75.79	75.79	Amount spent through PI Foundation / Implementing Agency
5	Protection of National Heritage, Art and Culture	Protection of National Heritage, Art and Culture including restoration of Buildings and sites of historical importance and works of Art	• Resuscitation of Gandhi Ashram in Village Chandrahiya, East Champaran, Bihar • Development of Sculpture Park in Nahargarh Fort, Jaipur (Rajasthan)	25.00	23.81	23.81	Amount spent through PI Foundation / Implementing Agency
6	Training and Capacity Building of CSR Team and Administrative Expenses (5% of Actual CSR Exp)			32.72	32.72	32.72	-
	Total			**714.67**	**687.03**	**687.03**	

On behalf of the Board of Directors
For PI Industries Ltd.

Sd/-
Pravin K. Laheri
Chairman – CSR Committee
DIN : 00499080

Sd/-
Mayank Singhal
Managing Director & CEO
DIN : 00006651

Place : Gurugram
Date : May 15, 2018

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company firmly believes that good corporate governance is essential for achieving long term corporate goals and enhancing stakeholder value.

At PI, activities are carried out in accordance with good corporate practices and company is constantly striving to better them and adopt the best practices. The Board plays a critical role in overseeing how management serves the short and long term interest of the shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and strive to achieve excellence in governance norms. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability etc. serve as the means for implementing the philosophy of corporate governance in letter and in spirit.

Your Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). A Report on compliance with the Corporate Governance provisions as prescribed under the Listing Regulations is given herein below:

2. BOARD OF DIRECTORS

Composition

The Company has a very balanced and diverse Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The Non-executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons having requisite qualifications and experience in general corporate management, operations, strategy, banking finance & taxation, economics, law, governance etc. They actively participate at the Board and Committee Meetings by providing valuable guidance to the Management on various aspects of business, policy direction, governance, compliance etc.

As on March 31, 2018, the Board comprised of (8) eight Directors, out of which (6) six are Non-Executive Directors and (2) two are Executive Directors including Managing Director & CEO and Whole-time Director. The Chairman of the Board is the Non-Executive Independent Director. Out of (6) six Non-Executive Directors, (5) five are Independent Directors (including (1) one woman Independent Director), constituting 63% of the Board strength, more than the requirements of the Companies Act, 2013 and the Listing Regulations, 2015.

The name and category of Directors, their attendance at the Board Meetings held during the year and at the last Annual General meeting alongwith the position of Board/Committee membership held by them is detailed below:

Name of Director & Designation	Category	No. of positions held		No. of Board Meetings Attended during FY 17-18	Presence at last AGM
		Board^	Committees^^ Member/(Chairman)		
Mr. Narayan K. Seshadri, Chairman DIN 00053563	Non-Executive & Independent	9	6(4)	5	Yes
Mr. Mayank Singhal, Managing Director & CEO DIN 00006651	Executive & Non-Independent	4	1(0)	5	Yes
Mr. Rajnish Sarna, Whole-time Director DIN 06429468	Executive & Non-Independent	3	2(0)	5	Yes
Mrs. Ramni Nirula, Director DIN 00015330	Non-Executive & Independent	9	8(4)	4	Yes
Mr. Ravi Narain, Director DIN 00062596	Non-Executive & Independent	3	3(0)	5	Yes
Mr. Pravin K. Laheri, Director DIN 00499080	Non-Executive & Independent	6	2(2)	5	No
Mr. Arvind Singhal, Director DIN 00092425	Non-Executive & Non-Independent	4	0(0)	5	Yes
Dr T.S. Balganesh, Director * DIN : 00648534	Non-Executive & Independent	1	0	4	Yes

*. Dr. T.S. Balganesh was appointed as an Additional Director on the Board of the Company w.e.f. May16, 2017 and shareholders in its meeting held on September 06, 2017 appointed him as Independent Director to hold office for a term of 3 years.

^. Excludes position of directorships held in Private Limited Companies, Foreign Companies and Government Bodies.

^^. Only Audit Committee and Stakeholders' Relationship Committee have been considered for the Committee positions. None of the Directors on the Board is a member of more than 10 committees or Chairperson of more than 5 committees across all companies in which he/she is a director.

None of the Independent Director on the Board of the Company serve as an Independent Director in more than seven (7) Listed Companies nor holds the position of Whole time Director in any Listed Company.

Independent Directors of the Company have been appointed in accordance with the applicable provisions of the Companies Act, 2013 ("Act")read with relevant rules. Formal letters of appointment as per Schedule IV of the Act have been issued to the Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company. The weblink of same is given below:-

http://www.piindustries.com/Media/Documents/Terms%20and%20Condition%20of%20Appointment%20of%20Independent%20Director(R).pdf

On the basis of the recommendation of Nomination and Remuneration Committee and Board, Independent Directors were initially appointed by the members of the Company for a period of three (3) years at the Annual General Meeting held in the year 2014 and these Independent Directors were re-appointed for a second term of five (5 years) vide special resolution passed by the members in last Annual General Meeting held on September 06, 2017 on the basis of the recommendation of Nomination and Remuneration Committee and Board.

Procedure/Guidelines for Appointment of Directors

The Nomination and Remuneration Committee has been assigned with the responsibility of developing competency requirement for the Board which is based on the long term strategy of the Company and the competency/ skill set required for the Industry. The Committee evaluates the composition of the Board from time to time for gap analysis, if any, in accordance with the prevailing laws and makes its recommendation to the Board with respect to the appointment of new Director after reviewing the profiles of potential candidates. The Committee inter-alia considers the criteria of Independence, functional knowledge, domain expertise and the experience of the candidate in its selection process.

Board Meetings

The Board meets at regular intervals to review the performance of the Company. During the year under review, Five (5) Board Meetings were held on May 16, 2017, June 22, 2017, August 12, 2017, October 25, 2017 and February 3, 2018. The maximum gap between any two Board meetings was less than 120 days.

Board Procedure

The annual calendar of the Board/Committee meetings is agreed upon by the board members at the beginning of the year. The Agenda backed by comprehensive information is circulated well in advance to the Board members. The facility to participate through video-conference is provided to board/committee members, who are unable to attend in person. In addition to the information required under Part A of Schedule II of Regulation 17(7) of Listing Regulations,2015, the Board is kept informed of major events/items and approvals taken wherever necessary. Board also reviews the status of the compliances relating to various applicable laws and the steps taken by the Company to rectify the instances of non-compliance, if any. The Board critically evaluates the Company's strategic directions, management policies and their effectiveness. The Board regularly reviews inter-alia, industry environment, annual business plans and performance against the plans, business opportunities including investments/ divestment, related party transactions, compliance processes including material legal issues, strategy, risk management practices and approval of financial statements. Senior executives are also invited to provide additional inputs at the Board meetings for the items discussed by the Board of Directors, as and when required. Frequent and detailed interaction provides a strategic road map for the Company's future growth. Compliance certificate with regard to compliance with applicable laws duly signed by the Managing Director, Chief Financial Officer and Company Secretary is placed before the Board on quarterly basis.

Separate Meeting of Independent Directors

A separate meeting of Independent Directors was held on February 3, 2018 without the attendance of Non-Independent Directors and members of the Management as required under Schedule IV to the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, 2015. The Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

  All Independent Directors attended the meeting. Mrs. Ramni Nirula, chaired the meeting.

Familiarization Programme for Independent Directors

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Quarterly updates on relevant statutory changes /important laws are regularly circulated to the Directors. During the year, Company conducted special session by experts covering important topics like GST, Risk Management etc as part of familiarization programme. Apart from same, visit to R&D centre at Udaipur is also arranged for board members once a year.

The details of such familiarisation programmes for Independent Directors are posted on the website of the Company and can be accessed at

http://www.piindustries.com/Media/Documents/Familiarisation %20program%20for%20directors(r).pdf

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of Listing Regulations, 2015, the Board, in accordance with evaluation program laid down by the Nomination and Remuneration Committee, has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The Board's functioning was evaluated on various aspects, including inter-alia degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, long term strategic planning, meeting frequency, agenda discussion and recording of minutes etc.

Evaluation of Directors was done keeping in view the various aspects such as professional qualification(s), experience, knowledge and skills, attendance and contribution at Board/ Committee Meetings including guidance/ support to the Management outside Board/ Committee Meetings, fulfilment of obligation(s) and duties under law. In addition, the Chairman was also evaluated on key aspects of his role, including the effectiveness of his leadership and ability to steer meetings, setting the strategic agenda of the Board, encouraging active engagement by all Board members.

The Committee evaluation was done on the basis of the degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole. This exercise was carried out through a structured questionnaire prepared separately for Board, Committees, Chairman and individual Directors.

3. COMMITTEES OF THE BOARD

The Board of Directors has constituted following Committees of Directors with adequate delegation of powers to discharge urgent business requirements of the Company:

i) Audit Committee

ii) Stakeholder's Relationship Committee

iii) Nomination & Remuneration Committee

iv) Corporate Social Responsibility Committee

v) Administrative Committee

vi) Management Advisory Committee

The Board is responsible for constituting, assigning and appointing the members of the Committees. The detailed composition, terms of reference and other details of the Committees are as under:

i) AUDIT COMMITTEE

The Audit Committee of the Board provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of Company's operations.
- safeguarding of assets and adequacy of provisions for all liabilities.
- reliability of financial and other management information and adequacy of disclosures.
- compliance with all relevant statutes.

Terms of reference

The powers, roles and terms of reference of the Audit Committee covers areas as contemplated under Regulation 18 of the Listing Regulations, 2015 and Section 177 of the Companies Act, 2013, as applicable, besides other terms as referred by the Board of Directors. The terms of reference are:

(a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

(b) Discuss with the Statutory Auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.

(c) Review and monitor the auditor's independence and performance, and effectiveness of audit process; approval of payment to statutory auditors for any other services rendered by the Statutory Auditor.

(d) Review with the Management the performance of statutory and internal auditors, and adequacy of internal control system.

(e) Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(f) Review the reports of internal audit for internal control weaknesses and discussion with internal auditors on any significant findings of any internal investigations by the internal auditors and the executive Management's response on matters and follow-up thereon;

(g) Review the management letters / letters of internal control weaknesses issued by the statutory auditors.

(h) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(i) Evaluation of internal financial controls and risk management systems;

(j) Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors/Internal Auditors/Cost Auditors/Secretarial Auditor, terms of appointment of auditors and fixation of audit fee.

(k) Approve the appointment of CFO after assessing the qualifications, experience and background etc.

(l) Review with the Management, the quarterly financial statements and the auditor's report thereon, before submission to the Board for approval.

(m) Review with the Management the Annual Financial Statements and Auditors Report thereon before submission to the Board for approval, with particular reference to:

- matters to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
- changes, if any, in accounting policies and practices and reasons for the same.
- major accounting entries involving estimates based on the exercise of judgment by Management.
- significant adjustments made in the financial statements arising out of audit findings.
- compliance with listing and other legal requirements relating to financial statements.
- disclosure of any related party transactions.
- qualifications in the draft audit report, if any.

(n) Review and approve the Related Party Transactions, Scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company, wherever it is necessary.

(o) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders and creditors;

(p) Review the Management Discussion and Analysis of financial condition and results of operation.

(q) Review, with the Management, the statement of uses/application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(r) Review the functioning of the Whistle Blower Mechanism;

(s) Perform such other functions as may be prescribed under the Companies Act, 2013, listing regulations, 2015 or any other law or as may be delegated by the Board from time to time, to be performed by the Audit Committee.

Composition and attendance of the members of Audit Committee during the financial year 2017-18

The Audit Committee presently comprises of 4 members, out of which 3 members are Non-Executive Independent Directors and one is an Executive Director. The Chairman of the Committee is an Independent Director. All the members of the Audit Committee have accounting and financial management expertise.

The Managing Director & CEO, Chief Financial Officer, the Head of Internal Audit and the representatives of the Statutory Auditors and Internal Auditors are permanent Invitees to meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

During the financial year ended March 31, 2018, the Committee met Four (4) times on May 16, 2017, August 12, 2017, October 25, 2017 and February 3, 2018 and the gap between two meetings did not exceed 120 days in compliance with the listing regulations, 2015.

The Composition and Attendance record of the members of the Audit Committee for the financial year 2017-18 is as follows:

Name of Director	Category	Number of meetings during the financial year 2017 -18	
		Held	Attended
Mr. Narayan K. Seshadri, Chairman	Non-Executive & Independent Director	4	4
Mrs. Ramni Nirula Member	Non-Executive & Independent Director	4	4
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	4	4
Mr. Ravi Narain * Member	Non Executive & Independent Director	2	2

* The Audit Committee was reconstituted by Board on October 12, 2017 wherein Mr. Ravi Narain was co-opted as a Member of the Committee w.e.f. October 12, 2017.

The Chairman of the Audit Committee, Mr. Narayan K. Seshadri was present at the Annual General Meeting of the Company held on September 6, 2017.

ii) STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee of the Board looks into the process of share transfers/transmission & issue of duplicate shares, oversees redressal of grievances of security holders, if any, and also reviews the working of Company's Registrar & Share Transfer Agent.

Terms of reference

Pursuant to Part D of Schedule II of Listing Regulations, 2015, the Committee focuses on the following:

- Reviewing and redressing the complaints, if any, from security holders.
- Recommending measures for overall improvement in the quality of services being provided to the shareholders/investors.
- All the matters related to Share transfer/ transmission/ duplicate issue etc.
- Overseeing the Performance of Registrar & Share Transfer Agents.

Composition and Attendance of the members of Stakeholder's Relationship Committee during the financial year 2017-18

The Stakeholder's Relationship Committee presently comprises of 3 Directors of which 2 members are Executive Directors and one Non-Executive Independent Director, who is also nominated as Chairman of the committee. During the financial year ended March 31, 2018, the Committee met Four (4) times during the year on May 6, 2017, October 25, 2017, November 27, 2017 and February 3, 2018.

The Composition and Attendance record of the members of the Stakeholder's Relationship Committee for the financial year 2017-18 is as follows:

Name of Director	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Mr. Pravin K. Laheri Chairman	Non-Executive & Independent Director	4	4
Mr. Mayank Singhal Member	Executive & Non-Independent Director	4	3
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	4	4

The Company Secretary acts as the Secretary to the Committee and also the Compliance Officer under the provisions of the Listing Regulations.

During the year, the Company received 194 communications including 39 complaints for issues e.g. non-receipt of Dividend Warrants / Share Certificates, Annual Reports, queries/requests for change of address, correction in the name, issue of duplicate certificates/deletion of joint name due to death, transmission of shares etc. which were duly attended and no complaint is pending as on March 31, 2018.

ii NOMINATION & REMUNERATION COMMITTEE

Terms of Reference

The powers, roles and terms of reference of the Nomination & Remuneration Committee covers areas as contemplated under Regulation 19 of the Listing Regulations, 2015 and Section 178 of the Companies Act, 2013, as applicable, besides other terms as referred by the Board of Directors. The role of the Committee inter-alia includes the following:

a) Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to the remuneration of Directors, key managerial personnel and other employees.

b) Devising a policy on Board diversity.

c) Formulating the criteria for evaluation of Independent Directors and Board as a whole.

d) Identifying the persons who are qualified to become Directors and who may be appointed in senior Management in accordance with the criteria laid down, and recommend to the Board for their appointment and removal.

e) Administering the stock options scheme of the Company.

f) Determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

g) Review and ensure organisation structure and leadership preparedness to meet the growth objectives of the Company.

h) Provide input and support on HR initiatives & performance.

i) Induction process for new Directors.

j) Review succession planning for key roles.

Remuneration Policy

The Remuneration policy of the Company is based on following principles:

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) Remuneration to Directors, key managerial personnel and senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The criteria governing the Company's Remuneration Policy is as follows:

Remuneration to Independent Directors and Non-Independent Non-executive Directors

Payment of sitting fees is made for attending the meetings of the Board and the Committees of which they may be members and commission as may be decided by the Board of Directors within the ceiling limits as specified by the provisions of the Companies Act, 2013 that have been duly approved by the shareholders. The commission payable is decided on the basis of the Company's performance, profits and the contribution made by the Directors in Company's growth.

Remuneration for Managing Director/Whole-time Director/ KMP

The remuneration payable to Executive Directors is approved by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee which takes into account various factors like the role played by the individual Director, vision in growth of the Company, strategy formulation, planning and direction and contribution to the growth of the Company. The remuneration paid to Executive Directors is within the overall limits as approved by the shareholders of the Company subject to review by the Board members annually.

In addition to the salary and perquisites, the Executive Directors are also entitled to commission that is calculated with reference to the net profits of the Company in accordance with the provisions of Section 197 of the Companies Act, 2013. The same is based on the performance of individual Director as evaluated by the Nomination and Remuneration Committee and approved by the Board.

Basic salary is provided to all employees commensurate with their skills and experience. In addition to the same, the Company provides employees with certain perquisites, allowances and benefits including stock options etc. The Company also provides medi-claim and personal accident insurance to the employees apart from retirement benefits like gratuity and provident fund. The Company also provides employees a performance linked bonus that is driven by the outcome of the performance appraisal process and the performance of the Company.

Composition and attendance of the members of Nomination and Remuneration Committee during the financial year 2017-18

The Nomination & Remuneration Committee presently comprises of 3 Non-Executive Independent Directors and 1 Non- Executive and Non Independent Director. The Company Secretary acts as Secretary to the Committee.

During the financial year ended March 31, 2018, the Committee met two (2) times on May 16, 2017 and October 25, 2017.

The Composition and Attendance record of the members of the Nomination & Remuneration Committee for the financial year 2017-18 is as follows:

Name of Director	Category	Number of meetings during the financial year 2017 -18	
		Held	Attended
Mrs. Ramni Nirula Chairman	Non-Executive & Independent Director	2	2
Mr. Narayan K. Seshadri Member	Non-Executive & Independent Director	2	2
Mr. Pravin K. Laheri Member	Non-Executive & Independent Director	2	2
Mr. Arvind Singhal * Member	Non- Executive &Non Independent Director	1	1

Notes:

* The Nomination and Remuneration Committee was reconstituted by Board on October 12, 2017 where in Mr. Arvind Singhal was co-opted as Member of the Committee.

iv) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The CSR Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The role of the CSR Committee of the Board is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its objectives laid down under CSR Policy.

Terms of Reference:

a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy, strategy and goals, which shall indicate the activities to be undertaken by the Company;

b. Recommend the amount of expenditure to be incurred on CSR activities.

c. Monitor the implementation of Corporate Social Responsibility Policy of the Company from time to time and;

d. Monitor the implementation of the CSR projects or programs or activities undertaken by the Company.

Composition and attendance of the members of Corporate Social Responsibility Committee during the financial year 2017-18

The CSR Committee presently comprises of 4 members, out of which 2 members are Non-Executive Independent Directors. The Chairman of the CSR Committee is a Non-Executive Independent Director. The Committee met twice during the financial year ended March 31, 2018 on May 16, 2017 and Feb 3, 2018 respectively.

The Composition and Attendance record of the members of the CSR Committee for the financial year 2017-18 is as follows:

Name of Director	Category	Number of meetings during the financial year 2017 -18	
		Held	Attended
Mr. Pravin K. Laheri Chairman	Non-Executive & Independent Director	2	2
Mr. Mayank Singhal Member	Executive & Non-Independent Director	2	2
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	2	2
Mrs. Ramni NIrula Member	Non-Executive & Independent Director	2	2

v) ADMINISTRATIVE COMMITTEE

Terms of reference

This Committee facilitates the approvals required for routine business activities of the Company where the powers are delegated by the Board to the Committee like opening/closing of bank accounts, borrowing powers, creation of security, and investment of idle funds lying with the Company, authorisations for dealing various authorities etc.

Composition and Attendance of the members of Administrative Committee during the financial year 2017-18

The Administrative Committee presently comprises of 3 Directors out of which one is Non-Executive Independent Director. The Company Secretary acts as Secretary to the Committee.

During the financial year ended March 31, 2018, the Committee met six (6) times on April 28, 2017, June 16, 2017, August 21, 2017, October 25, 2017, November 24, 2017 and February 3, 2018.

The Composition and Attendance record of the members of the Administrative Committee for the financial year 2017-18 is as follows:

Name of Director	Category	Number of meetings during the financial year 2017 -18	
		Held	Attended
Mr. Mayank Singhal Chairman	Executive and Non-Independent Director	6	5
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	6	6
Mrs. Ramni Nirula(*) Member	Non- Executive & Independent Director	3	1
Mr. Ravi Narain (**) Member	Non- Executive & Independent Director	3	2

Notes:

The Committee was re-constituted by the Board of Directors by way of circular resolution on October 12, 2017.

* Mrs. Ramni Nirula ceased to be a member of the Committee w.e.f. October 12, 2017

** Mr. Ravi Narain has been inducted as a Member of the Committee w.e.f. October 12, 2017.

vi) MANAGEMENT ADVISORY COMMITTEE

The Management Advisory Committee has a two-fold responsibility, to assist & support the Management in the formulation and implementation of the overall business strategy, new initiatives – organic & inorganic for enhancing the long term business competitiveness and, to recommend to Board on business matters requiring its approval.

Terms of reference

a. To provide input & guidance to Management on areas of significant impact to:

- Strategies & other initiatives with the Company stated vision, mission and goals, business performance,

  Enterprise Risk, key corporate actions & policy matters.

b. To recommend for Board approval

- Corporate financial objectives, strategic business and annual plans, capital allocations and expenditures,

  Capital structuring, fund raising, investor relations, Strategic alliances and Mergers & Acquisitions.

Composition and attendance of members of Management Advisory Committee during the financial year 2017-18 is as follows:-

Management Advisory Committee presently comprises of five Directors, three of whom are Independent Directors. During the financial year ended March 31, 2018, the Committee met two (2) times on May 15, 2017 andMarch 19, 2018.

The Composition and Attendance record of the Management Advisory Committee members for the financial year 2017-18 is as follows:

Name of Director	Category	Number of meetings during the financial year 2017 -18	
		Held	Attended
Mr. Mayank Singhal Chairman	Executive and Non-Independent Director	2	2
Mr. Narayan K. Seshadri Member	Non-Executive & Independent Director	2	2
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	2	2
Mr. Ravi Narain Member	Non-Executive & Independent Director	2	2
Dr T.S. Balganesh (#) Member	Non- Executive & Independent Director	1	1

Notes:

#. The Committee was re-constituted by the Board of Directors wherein Dr. T.S. Balganesh was co-opted as a Member of the Committee w.e.f. May 16, 2017.

4. DIRECTOR'S REMUNERATION

i Remuneration paid to Executive Director(s).

The remuneration of the Executive Director(s) is recommended by the Nomination and Remuneration Committee based on factors such as Industry benchmarks, the Company's performance vis-à-vis the industry performance etc, and approved by the Board within the remuneration slabs approve by the shareholders. Remuneration comprises of fixed component viz. salary, perquisites and allowances and a variable component viz. commission. The Nomination and Remuneration Committee also recommends the annual increments within the salary scale approved by the members and also the Commission payable to the Whole-time Director(s) on determination of profits for the financial year, within the ceilings on net profits prescribed under Section 197 of the Companies Act, 2013.

Details of remuneration paid to the Executive Directors during the financial year 2017-18 are as follows:

(₹/Lacs)

Name of Director	Salary	Perquisites	Comm. @
Mr. Mayank Singhal Managing Director & CEO	414.59	14.14	357.42
Mr. Rajnish Sarna Whole-time Director	281.54	0.39	201.05

Notes:

@ Commission payable for FY 2017-18

a) Remuneration mentioned above excludes gratuity and leave encashment.

b) Mr. Rajnish Sarna holds 2,20,545 equity shares of the Company as on March 31, 2018.

c) Mr. Mayank Singhal holds 3,20,28,510 equity shares of the Company as on March 31, 2018.

ii. Remuneration to Non-Executive Directors

Sitting fees is paid to Non-executive Directors for attending Board / Committee Meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance expenses incurred for attending such meetings. The Commission payable to Non-Executive Directors is decided by the Board within the limits of 1% of the net profits as approved by the members of the Company.

The details of sitting fees and commission paid to the Non-Executive Directors for year ended March 31, 2018 and No. of equity shares held by them as on March 31, 2018 are as under:

Name of Director	Sitting Fees (₹)	Commission @ (₹)	No. of Equity Shares held
Mr. Narayan K. Seshadri	4,00,000	30,00,000	4,84,259
Mr. Pravin K. Laheri	4,00,000	17,87,000	-
Mrs. Ramni Nirula	3,95,000	17,87,000	-
Dr. T.S. Balganesh (*)	1,75,000	13,40,000	-
Mr. Ravi Narain	3,50,000	17,87,000	-
Mr. Arvind Singhal	1,75,000	17,87,000	-

Notes:* Dr. T.S. Balganesh appointed as a Director w.e.f. May 16, 2017.

@ Commission payable for FY 2017-18.

Service Contract and Notice period of the Managing Director(s) and Whole-time Director

The same is governed by terms of the resolution(s) approved by the members of the Company while approving their respective appointment.

5. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all Board members and the senior management of the Company. Further, Code of Conduct for Independent Directors has been framed in accordance with Schedule IV to the Companies Act, 2013. All Independent Directors have affirmed the compliance to aforesaid code. All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Managing Director & CEO has been annexed to the Corporate Governance Report. The code of conduct has been posted on the website of the Company i.e. www.piindustries.com. The weblink of the same is http://www.piindustries.com/Media/Documents/Code-of-Conduct-Independent-Directors.pdf.

6. PROHIBITION OF INSIDER TRADING

The Company has formulated & implemented a Code of Practices and Procedure for fair disclosure of Unpublished Price Sensitive Information and Code of Conduct for Prevention of Insider Trading in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended till date. The same has been posted on Company's website.

http://www.piindustries.com/Media/Documents/PI%20Code%20of%20Practices%20and%20Procedures%20for%20Fair%20Disclosure%20of%20Unpublished%20Price%20Sensitive(R).pdf.

Mr. Rajnish Sarna has been nominated as Chief Investor Relations Officer (CIRO) under the aforesaid code.

The code of conduct for prevention of insider trading, inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company. The necessary procedures have been laid down for employees, connected persons and persons deemed to be connected for trading in the securities of the Company. Mr. Naresh Kapoor, Company Secretary acts as the Compliance Officer under the said Insider Code and is responsible for complying with the procedures, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall, supervision of the Board of Directors.

7. OTHER DISCLOSURES

a) Related Party Transactions during the year under review

There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company. Further, details of the related party transactions are given in the Balance Sheet in the Note No. 36. The policy on dealing with Related Party Transactions is available on Company's website at following link:

http://www.piindustries.com/sites/default/files/RPT%20Policy_PI.pdf

b) No Penalties, Strictures imposed

The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited and the Company has complied with all applicable requirements of the Capital market. There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to the capital market during the last three years.

c) Dematerialisation and Liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories, viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Percentage of shares held in physical and dematerialised form as on March 31, 2018 is as follows:-

Physical Form	:	0.37%
Electronic Form with NSDL	:	97.83%
Electronic Form with CDSL	:	1.80%

d) Disclosure of Accounting Treatment

The financial statements have been prepared in all material aspects in accordance with the recognision and measureemnt principals laid down in Indian Accounting Standards ('Ind AS') as per Companies (Indian Acconting Standard) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('The Act') and other relevant provisions of the Act to the extend applicable.

e) Policy for determining Material Subsidiary

The Company has a policy for determining "Material" subsidiary, which has also been displayed on the website. The web link for the same is http://www.piindustries.com/sites/default/files/Policy%20_%20Material%20Subsidiaries.pdf

f) Risk Management

The Company has formulated Risk Management in its procedures itself. The Company has further strengthened its Risk Management system and has laid down procedures to inform Board Members about risk assessment and minimization procedures. These procedures are being periodically reviewed and analysed to ensure that executive Management controls risk through means of a properly defined framework and takes corrective action for managing/ mitigating the same.

g) Commodity Price Risk and Commodity Hedging Activities

During the year under review, the Company had managed the foreign exchange risk and hedged to the extent necessary as laid out in the hedging policy of the Company. The Company enters into forward contracts for hedging foreign exchange exposure against exports and imports.

Details of foreign exchange exposure are disclosed in Note no. 37 of Financial Statements for the year ended March 31, 2018.

h) Management Discussion and Analysis

The Management Discussion and Analysis forms the part of the Annual Report and is given separately.

i) Compliances

All Returns/Reports were generally filed within the stipulated time with the Stock Exchanges/ other authorities.

This Corporate Governance Report of the Company for the year ended March 31, 2018 is in compliance with the requirements of Part C of Schedule V of Listing Regulations, 2015.

The status of Adoption of the non-mandatory requirements as specified in Sub- Regulation 1 of Regulation 27 of Listing Regulations,2015 are as follows:-

(i) **The Board:** The Chairman of the Board is Non-Executive Independent Director and maintains separate office, for which Company is not required to reimburse any expense.

(ii) **Shareholder Rights:** Half yearly and other quarterly financial statements including summary of the significant events in the last six/three months are published in newspapers, uploaded on the Company's website

http://www.piindustries.com/investor-relations.html/financial-results.html

(iii) **Modified opinion(s) in audit report:** The Company is in the regime of unmodified opinion on financial statements.

(iv) **Seperate posts of Chairperson and CEO:** Mr. Narayan K. Seshadri holds the office of Non Executive Chairman on the board of the Company, whereas Mr. Mayank Singhal holds the position of the Managing Director & CEO of the Company.

(v) **Reporting of Internal Auditor:** The Internal Auditors of the Company reports to the Audit Committee.

8. GENERAL BODY MEETINGS

i. Date and Venue of last three Annual General Meetings were held as under:

Date/Venue	Time	Type of Meeting
September 6, 2017 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001	10.00 A.M	Annual General Meeting
September 9, 2016 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001	10.00 A.M	Annual General Meeting
September 15, 2015 Regd. Office : Udaisagar Road, Udaipur – 313001	11.45 A.M	Annual General Meeting

ii. Special resolutions passed during last 3 AGMs

Date of AGM	Subject matter of Special Resolutions passed
September 6, 2017	Re-appointment of Mr. Narayan K. Seshadri, Mr. Pravin K. Laheri and Mrs Ramni Nirula for a term of 5 years from the date of Annual General Meeting.
September 9, 2016	Nil
September 15, 2015	Nil

9. POSTAL BALLOT

The Company did not carry out any postal ballot exercise during the financial year 2017-18.

10. MEANS OF COMMUNICATION

The Company publishes the quarterly, half yearly and annual results, in the format prescribed by the Listing Regulations, 2015 read with the Circular issued there under, in one National and one Regional Newspaper apart from displaying it on its website and filing the same on online portals of NSE and BSE.

Official news release/presentations made to Investor analysts are updated on Company's website www.piindustries.com and on NEAPS and BSE Online Portal of NSE and BSE respectively. No unpublished price sensitive information is discussed in these presentations.

The NEAPS is a web-based application designed by NSE for corporates. All exchange filings are disseminated electronically on NEAPS and BSE's Listing Centre is a web-based application designed by BSE for corporates. All exchange filings are disseminated electronically on the Listing Centre.

The Annual Report containing, inter alia, Audited Financial Statement, Consolidated Financial Statements, Board

Report, Auditors' Report is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website.

The investor complaints are processed in a centralised web-based complaints redressal system (SCORES) maintained by SEBI.

The quarterly Shareholding Pattern and Corporate Governance Report of the Company are filed with NSE through NEAPS and with BSE through BSE Online Portal. The Shareholding Pattern is also displayed on the Company's website under the "Investor Relations" section.

11. OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY.

The Company has not issued any GDR/Warrants or any convertible instruments except stock options granted to the employees under PII-ESOP Plan 2010. Each option shall entitle one equity share of the Company. For details refer, Annexure 'E' to Directors Report.

12. WHISTLE BLOWER POLICY

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, 2015, the Company has in place a Whistle Blower Policy for establishing a vigil mechanism for Directors and employees to report instances of unethical and/or improper conduct and implementing suitable steps to investigate and correct the same. It is also affirmed that no member has been denied access to the Audit Committee. The Whistle Blower Policy has also been posted at the website of the Company i.e. www.piindustries.com and the web link for the same is http://www.piindustries.com/sites/default/files/Whistle%20Blower%20Policy.pdf

13. GENERAL SHAREHOLDER INFORMATION

i. CONTACT INFORMATION

PI Industries Ltd	**CIN :L24211RJ1946PLC000469**
Registered Office	**Corporate Office**
Udaisagar Road,	Vipul Square, 5th Floor,
Udaipur - 313 001	B-Block, Sushant Lok Phase - I
Rajasthan (India)	Gurugram -122 009, Haryana (India)

Research & Manufacturing Facilities
Udaisagar Road, Udaipur - 313 001 Rajasthan
Plot No.237, GIDC, Panoli, Ankleshwar-394 116
Bharuch, Gujarat

Plot No. SPM 28 Sterling SEZ, Village Sarod
Jambusar-392 180 Bharuch, Gujarat
Plot No. 3133 to 3139, 3330 to 3351, 3231 to 3245 & 3517 to 3524 plus Garden, GIDC Panoli, Taluka, Ankleshwar
Distt. Bharuch, Gujarat

ii. Name, Address and Contact Number of Compliance Officer and Company Secretary.

Mr. Naresh Kapoor, Company Secretary,
5th Floor, Vipul Square, B- Block Sushant Lok, Phase – I,
Gurugram – 122 009, Haryana, India.
Phone No: 0124-6790000;
Email ID: naresh.kapoor@piind.com

iii. Annual General Meeting

Date	August 06, 2018
Time	10.00 am
Venue	P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce and Industry, Madri, Udaipur – 313 001 Rajasthan (India)

iv. Financial Calendar

The Company follows the financial year from 1st April to 31st March.

The tentative calendar for declaration of financial results in financial year 2018-19 is as follows:

Unaudited Financial Results for the Qtr. ending June, 2018	on August 05, 2018
Unaudited Financial Results for the Qtr. ending September, 2018	on October 26, 2018
Unaudited Financial Results for the Qtr. ending December, 2018	on or before February 14, 2019
Audited Financial Results for the year ending 31st March, 2019.	Before the end of May, 2019
Annual General Meeting for the year.	On or before August 31, 2019

v. Book Closure Date

The dates of book closure are from August 01, 2018 to August 06, 2018 (both days inclusive).

vi. Dividend

During the year, the Board of Directors of the Company has declared interim dividend of 150% in its Board Meeting held on October 25, 2017 on 13,75,86,624 equity shares of ₹1/- each which was paid on November 17, 2017. In addition to same, the Board has recommended a final dividend of 250 % i.e. ₹ 2.50 per equity share thereby taking total dividend to ₹ 4/- per equity share. Final dividend, if approved by shareholders shall be paid to those shareholders who holds equity shares of the Company as on August 01, 2018.

vii. Stock Exchange Listing

The Company's equity shares are listed at BSE Limited and National Stock Exchange of India Ltd.

- Stock Code 523642(BSE), PIIND (NSE)
- Demat ISIN INE 603J01030

The annual listing fees of such stock exchanges have been duly paid by the Company.

viii. Stock Market Price data

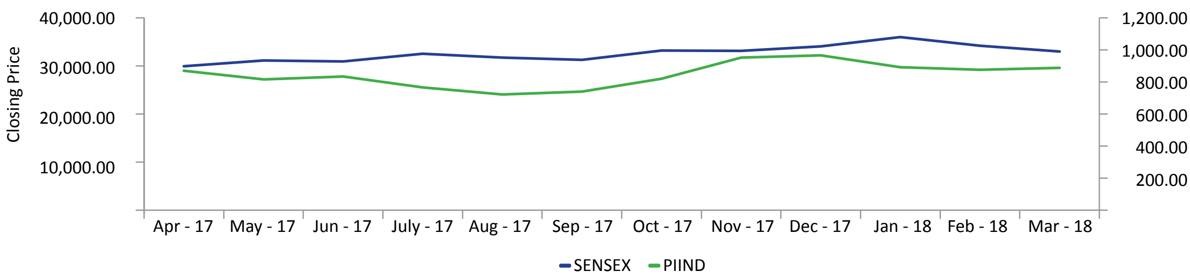
The monthly high and low of the market price of the equity shares of the Company for the year ended March 31, 2018 at BSE Limited and National Stock Exchange of India Ltd. were as under:

Stock price in ₹/share

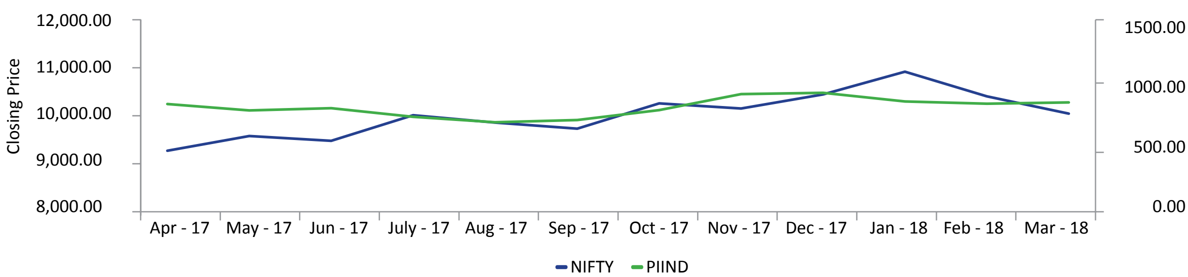
Month	BSE		NSE		NIFTY	SENSEX
	High	Low	High	Low	Closing high	Closing high
April, 2017	900.00	819.00	900.00	821.35	9,351.85	30,133.35
May, 2017	899.90	801.90	881.50	801.00	9,624.55	31,159.40
June, 2017	850.15	801.30	856.85	801.00	9,668.25	31,311.57
July, 2017	844.70	750.30	841.90	749.00	10,077.10	32,383.30
August, 2017	776.80	674.15	779.20	675.00	10,114.65	32,575.17
September, 2017	787.60	695.00	789.00	696.00	10,147.55	32,423.76
October, 2017	832.30	720.00	832.65	720.05	10,363.65	33,266.16
November, 2017	981.00	795.00	980.10	799.50	10,399.55	33,724.44
December, 2017	1,003.70	890.10	1005.00	890.50	10,531.50	34,056.83
January, 2018	1,035.00	875.85	1034.00	886.00	11,130.40	36,283.25
February, 2018	949.00	802.00	940.00	801.00	11,016.90	34,445.75
March, 2018	898.50	802.25	902.00	805.55	10,458.35	34,046.94

(Source: NSE/BSE website)

PERFORMANCE OF COMPANY SHARES VS BSE SENSEX



PERFORMANCE OF COMPANY SHARES VS NIFTY



ix. **Registrar and Transfer Agents**

Karvy Computershare Private Limited
Unit: PI Industries Ltd.
Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad – 500 032

Contact Person: Ms. Shobha Anand

Email: einward.ris@karvy.com
Tel: 040-67162222
Fax: 040-23001153

Share Transfer Mechanism

The share transfer requests received in physical form are processed through Registrar and Share Transfer Agent (RTA), Karvy Computershare Private Limited, within 6-7 days from the date of receipt, subject to the completeness of documents in all aspects. The share certificates duly endorsed are returned immediately to the shareholders by RTA. The details of transfers/ transmission so approved from time to time, are placed before the Stakeholders Relationship Committee for noting and confirmation.

A statement summarising the transfer/transmission/ Remat/Demat/Sub-Division of securities of the Company duly signed by the Company Secretary is also placed at the quarterly board meeting

Pursuant to Regulation 40 (9) of Listing Regulations, 2015, Certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company, certificates for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 and Reconciliation of the Share Capital Audit Report obtained from a practicing Company Secretary have been submitted to stock exchanges within stipulated time and the same have been updated on Company's website.

x. Distribution of Shareholdings (As on March 31, 2018)

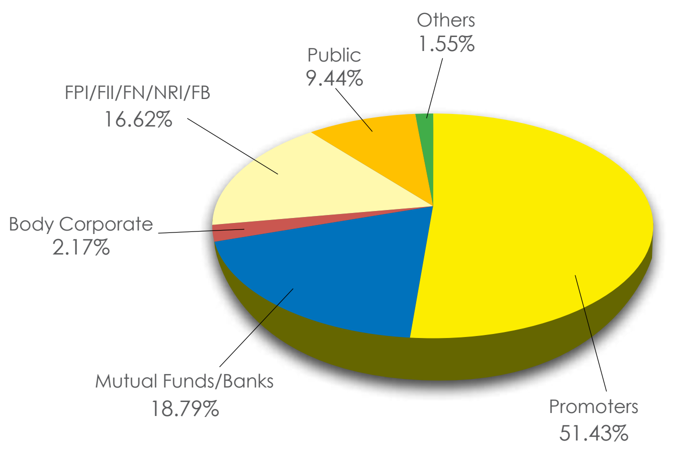
Shareholding of Nominal value of	Shareholders		Share Capital (Amount)	
	No.	% to total	In (₹)	% to total
upto 5000	33676	98.54	82,43,259.00	5.98
5001 - 10000	215	0.63	15,12,716.00	1.10
10001 - 20000	117	0.34	15,56,315.00	1.13
20001 - 30000	41	0.12	10,01,388.00	0.73
30001 - 40000	15	0.04	5,19,035.00	0.38
40001 - 50000	5	0.01	2,25,980.00	0.16
50001 - 100000	23	0.07	16,84,284.00	1.22
100001 & above	84	0.25	12,31,64,341.00	89.31
Total	**34,176**	**100.00**	**13,79,07,318.00**	**100.00**

xi. Demat Status (As on March 31, 2018)

Mode	No. of shareholders	No. of shares	%
Demat	34,036	13,73,91,615	99.63
Physical	140	5,15,703	0.37
Total	**34,176**	**13,79,07,318**	**100.00**

xii. Category of Shareholders on PAN basis (As on March 31, 2018)

S. No.	Category	No. of shareholder	No. of shares held	Voting strength (%)
1	Promoters	5	7,09,20,110	51.43
2	Mutual Funds/Banks	23	2,59,11,751	18.79
3	Indian Bodies Corporate	722	29,96,459	2.17
4	FPI/FII/FN/NRI/Foreign Bodies	1,696	2,29,23,666	16.62
5	Indian Public	31,028	1,30,14,570	9.44
6	Others – (Clearing members, Trust, HUF, NBFC, IEPF etc.)	702	21,40,762	1.55
Total		**34,176**	**13,79,07,318**	**100.00**



xiii. Web-based Redressal System for Investor Grievance

The Company and its Registrar & Share Transfer Agent i.e. Karvy Computershare Private Ltd., expeditiously address all the complaints, suggestions, grievances and other correspondence received and replies are sent usually within 7-10 days except in case of legal impediments and non-availability of documents. The Company endeavours to implement suggestions as and when received from the investors. Members can access to http://karisma.karvy.com for any query and/ or grievance and may also access SEBI Complaints Redressal System (SCORES) for online viewing the status and actions taken by the Company/Registrar and Share Transfer Agent (RTA).

xiv. Unclaimed Dividend

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 6, 2017 (date of last Annual General Meeting) on the Company's website and on the website of the Ministry of Corporate Affairs. The weblink for the same is http://www.piindustries.com/ Media/Documents/Unpaid%20Div%209_9_16%20 Portal.pdf

xv. Transfer of shares to IEPF

Pursuant to the provisions contained in Sec 124 of the Companies Act, 2013 read with IEPF rules, the Company has transferred 1,69,835 equity shares pertaining to shareholders in respect of whom there was unclaimed dividend for consecutive seven years to demat account held in PNB by IEPF in compliance with the provisions of the Companies Act, 2013 read with IEPF Rules made thereunder.

xvi. **Other Material Information:** In an effort to improve our services and to minimize investor grievances, we seek co-operation of our esteemed shareholders/ members in the following matters:

Change of Address: In case of change in the postal address, or if incorrect address has been mentioned in any of the correspondence, the correct and complete postal address (including PIN Code) may kindly be intimated to the Company. If the shares are held in dematerialized form, information may be sent to the DP concerned and the RTA. Such intimation should bear the signature of the shareholder and in case of joint holding signature of the first holder.

PAN Card of Transferee (For Shares held in Physical form): SEBI vide its circular dated 7th January, 2010 has made it mandatory to submit a copy of PAN card along with other documents for effecting transfer, transmission, transposition and name deletion of deceased holder from share certificate (in case of joint holding) in respect of shares held in physical form. Shareholders are requested to ensure submission of copy of their PAN Card, as in the absence of the said document, the above said requests in respect of shares held in physical form will stand rejected by the Company/ RTA.

Depository System: By virtue of SEBI Circular dated 29th May, 2000 shares of the Company are subject to compulsorily trading in dematerialized form on the Stock Exchanges. For shareholder's convenience, the process for getting shares dematerialized is as follows:

Shareholder shall submit original share certificate along with De-materialization request Form (DRF) to the Depository Participant (DP)

- DP shall process the DRF, generate a Unique De-materialization Request No. and forward the DRF along with the share certificate to the Registrar and Share Transfer Agent (RTA)
- RTA after processing the DRF will confirm/ reject the request to depositories
- If confirmed by RTA, depositories will credit shareholder's account maintained with DP.

The entire process shall take approximately 10-15 days from the date of receipt of DRF. All shareholders who hold shares of the Company in physical form may get their shares dematerialized to enjoy paperless and easy trading of shares.

Consolidation of holdings: Members having multiple shareholding/ folios in identical names or joint accounts in the same order are requested to send their share certificate (s) to the Company for consolidation of all such shareholdings into one folio /account to facilitate better service.

xvii. Managing Director & CEO and CFO Certification

The Managing Director & CEO and Chief Financial Officer of the Company give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations, 2015. .

In compliance with Regulation 17(8) of Listing Regulations, 2015, an annual declaration by the Managing Director & CEO and Chief Financial Officer, is also annexed hereinafter which inter-alia certifies to the Board the accuracy of financial statements and the adequacy of internal controls for the financial reporting purpose.

xviii. Auditor's Certificate

As required under Clause E of Part C of Schedule V of the Listing Regulations, 2015, the Statutory Auditors of the Company have verified the compliances of the Corporate Governance by the Company. Their certificate is annexed hereinafter.

On behalf of the Board of Directors
For PI Industries Ltd.

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May15, 2018

To,

The Members
PI Industries Limited
Udaipur

Declaration by the Managing Director under Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is to certify that pursuant to the Regulation 17(5) and Clause D of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct has been laid down for all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed compliance with the Company's code of conduct for the year ended March 31, 2018.

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Place: Gurugram
Date: May 15, 2018

CEO and CFO Certificate

To,
The Members
PI Industries Limited
Udaipur

We hereby certify to the best of our knowledge and belief that:

A. We have reviewed the financial statements including the cash flow statement (standalone and consolidated) for the financial year ended March 31, 2018 and that these statements:

   i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

   ii. together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's Code of Business Conduct.

C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.

D. We further certify that:

   - there have been no significant changes in internal control during the aforesaid period.
   - the Company has complied with new accounting standard, IND-AS, applicable from April 1, 2016.
   - there have been no instance of significant fraud of which, we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

	Sd/-	**Sd/-**
Place: Gurugram	**Mayank Singhal**	**Subhash Anand**
Date: May 15, 2018	Managing Director & CEO	Chief Financial Officer
	DIN: 00006651	

Independent Auditor's Certificate on Corporate Governance

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of **PI Industries Limited**

We have examined the compliance of conditions of Corporate Governance by PI Industries Limited for the year ended March 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21,22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015 for the year ended March 31, 2018.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN 012754N/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

Business Responsibility Report

[As per Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	L24211RJ1946PLC000469
2.	**Name of the Company**	PI INDUSTRIES LTD.
3.	**Registered address**	Udaisagar Road, Udaipur-313001, Rajasthan
4.	**Website**	www.piindustries.com
5.	**E-mail id**	corporate@piind.com
6.	**Financial Year reported**	2017-18

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

The Company is engaged in Agri-Inputs (NIC Code-3808)

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

i) The Company principally manufactures "Agri Inputs" comprising of crop protection chemicals and plant growth nutrients.

ii) It also manufactures the chemical intermediates and active intermediates for exports to global innovators.

9. Total number of locations where business activity is undertaken by the Company:

i) Number of International Locations:

The Company has three offices located in Japan, China & Germany.

ii) Number of National Locations:

The Company has its research and development facilities in Udaipur and its manufacturing locations in Panoli & Jambusar in Gujarat. In addition to same, the company has 30 depots and 8 zonal sales offices across India.

10. Markets served by the Company

The Company's major markets include India, Japan, United States of America, Europe, Australia, Latin America Asia Pacific,African and Middle Eastern Countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	**Paid up Capital (INR)**	Rs. 13,79,07,318
2.	**Total Turnover (INR)**	Rs. 2308.72 cr.
3.	**Total profit after taxes (INR)**	Rs. 366.54 cr.
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	Rs. 6.87 cr, representing 1.87% of PAT for financial year 2017-18.

5. List of activities in which expenditure in 4 above has been incurred:-

a. Water

b. Education

c. Skill Development

d. LIvelihood

e. Health

f. Hygiene & Sanitation

For details, kindly refer to Principle 8, Section E

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SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes, the Company has 3 subsidiaries.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   Subsidiary companies are closely integrated with BRR initiatives of PI.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?**

   Yes, few of our distributors participate in safe drinking water initiatives taken up by the Company in Andhra& Karnataka region. They participate and help in identifying the locations, interaction with the community people, monitoring the progress of the project and provide their valuable feedback to further strengthen the project. (Less than 30%).

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

a. **Details of the Director/Director responsible for implementation of the BR policy/policies**

i.	DIN Number	:	00006651
ii.	Name	:	Mr. Mayank Singhal
iii.	Designation	:	Managing Director and CEO

b. **Details of the BR head**

S. No.	Particulars	Details
1	DIN Number (if applicable)	N.A
2	Name	Mr. Subhash Anand
3	Designation	Chief Financial Officer
4	Telephone number	+91 124 6790000
5	E-mail ID	subhash.anand@piind.com

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Businesses should promote the well-being of all employees.

P4 Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 Businesses should respect and promote human rights.

P6 Business should respect, protect and make efforts to restore the environment.

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 Businesses should support inclusive growth and equitable development.

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethics & accountability	**Product life cycle assessment**	**Employee well being**	**Marginalized stakeholders**	**Human rights**	**Environment**	**Policy advocacy**	**Equitable development**	**Customer value**
1	Do you have a policy/ policies for....	Yes	Yes	Yes	Yes	Yes	Yes	N.A.	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	N.A.	Yes	Yes
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	The Company has not yet benchmarked the same against any standards yet. The Company has got certifications under various categories like ISO 14001, OHSAS 18001, Responsible care etc.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by theManaging Director.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	N.A.	Yes	Yes
6	Indicate the link for the policy to be viewed online?	http://www.piindustries.com/sustainability/Governance/Sustainability-Policy http://www.piindustries.com/sustainability/CSR/CSR-Policy http://www.piindustries.com/sustainability/EHS/Climate_Change_Policy								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all internal stakeholders and external stakeholders.								
8	Does the company have in-house structure to implement the policy/policies?	Yes, the Company has established in-house structures to implement these policies.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Yes, the Company has grievance redressal mechanism related to all such policies. The Whistle Blower Policy provides mechanism to report any concerns or grievances pertaining to potential violation of any policies.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, the implementation of the policies of the Company is reviewed through internal audit function. The Quality Safety, Health and Environment Policies are subject to internal and external audits as a part of different certifications process including ISO-9001, ISO-14001 etc.								

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SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

   The policy relating to ethics, bribery and corruption has a wide coverage. The Anti-Bribery and Anti-Corruption Policy of the Company applies to all individuals working for PI and all subsidiaries of PI at all levels and grades, including directors, senior executives, officers, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, casual workers, volunteers, interns, agents, or any other person and third parties associated with PI.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   The Company has not received any complaint from any stakeholder in last financial year relevant to this principle.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The three products are:

   a) **NOMINEE GOLD** is a post emergent, broad spectrum systemic herbicide for all types of rice production i.e. direct sown rice, rice nursery and transplanted rice. It addresses the social and environmental concerns by offering the following advantages:-

   - Controls major grasses, sedges and broad leaf weeds of rice thus minimising the yield losses caused by weed infestation
   - Is environment friendly, cost effective and is safe to the rice crop.
   - Results in saving of water, in comparison with the other popular pre-emergent herbicides and other farmer practices.
   - NOMINEE GOLD helps in the successful adoption of Direct Sown Rice which requires lesser resources like water, power, labour etc.
   - Coupled with Direct Seeded Rice Technology, use of NOMINEE GOLD has translated into savings of nearly Rs.5,000 per hectare.

   b) **BIOVITA** is based on seaweed, the finest marine plant available for agricultural use and is recognized world over as an excellent natural fertilizer and source of organic matter. Due to its natural origin, BIOVITA is an important input towards sustainable agriculture. Thus, BIOVITA results in higher output price realisation and increased profitability for the farmer with an additional benefit of improving the soil health.

   Major benefits of BIOVITA include:-

   - Provides naturally occurring balance nutrition to the crop.
   - Application improves farm productivity and soil health.
   - Improves the quantity and quality of output.

   c) **OSHEEN** is new systemic insecticide a 3rd generation of Neonicotinoid group which has been recommended by the leading state agricultural universities and Research institutes. Major benefits of OSHEEN include:-

   - OSHEEN has been found very effective for the management of the Brown Plant Hoppers of rice and sucking pest Jassids in case of cotton, which if not controlled in time, can result into 100% yield losses.
   - Due to its high efficacy on target pests, OSHEEN helps to keep the crop green and healthy resulting in improved quality and productivity.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

   a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? –

   The Company has made efforts in the direction of reducing the energy consumption of its products during their production/ distribution. Each manufacturing unit has registered savings in terms of utility specific consumptions.

   b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   The Direct Seeded Rice (DSR) Technology promoted by the Company contributes to a 25-30% savings in costs related to energy, water conservation, labour, etc. on the customer's end, since there is no transplantation apart from benefits on improved soil porosity and less carbon emission translating to a savings of nearly Rs.5,000 per hectare to the farmer.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

In pursuance of the policy of the Company, the efforts of the management are directed towards sustainable sourcing. The Company has initiated various efforts in reducing the carbon footprint in supply chain. Few of which are listed below:

A. Giving preference to domestic suppliers for procurement of substances like P2S5 and Bromine, over suppliers importing these substances, thereby minimizing the risks involved in the process of their transportation.

B. The Company has made efforts for reducing the carbon emissions by adopting the following measures that help in reducing the number of trips:-

   i. Transporting Bulk Finished products through Railways, thus reducing the number of trips.

   ii. Increasing the size of tankers used for bulk transportation from 10 MTs tanker to 16/21 MTs tankers for various items like Solvent CIX, Cyclohexanone, Toluene, N-Butyl Acetate CS Lye etc.

   iii. Changing the packaging style of items like Bromine, KOH, Acetonitrile from bag / bottles / Drum to tankers / ISO tanks.

   iv. Transportation of Chemicals like Thional Chloride (TC), Formaldehyde 37%, Glyoxylic Acid 50%, which are proposed to be transported in tankers instead of drums.

   v. Recycling of HDPE drums & Carboy for fine chemical intermediate and agri formulation 70% drums & carboy were recycled

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company encourages sourcing of its material adn srvices requirment from local manufacturers, traders and contractors for its plant operations. The Company continuously identifies new local ad small manufacturers in the vicinity of its plants. Apart from same, company also helps in promoting the skill development of these small vendors. The company has initiated the task of develping them for manufacturing of intermediates Chemicals) by extending technological know-how to them and also supporting them during the stabilisation of manufacturing process.

Following initiatives are undertaken by company in promoting the Skill development:-

- Conducting vocational training program for chemical plant operators at Dharmsinh Desai University (DDU), Nadiad, Gujarat, wherein students who completed the course were placed in the industry.
- Skill Training programme for underprivileged youth in 59 villages around Jambusar in Bharuch region of Gujarat. 481 youth succesfully completed the course and placed in jobs with different companies.
- Providing specially designed agri-skill development training on Agri Extension and Agri Input Marketing consisting of Practical and Theory Residential Course in Andhra Pradesh, Telengana, Karnataka. Around 300 people trained in 09 different courses out of nearly 100 youth employed in various companies and rest doing their own farming.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has in place "Sustainability Policy" which lays down the Company's commitment to Environmental Safety. One of the focus areas under the Company's Sustainability policy is "Waste Reduction and Reuse"

A. Solvent Recovery:- Company has taken various initiatives for improvising its solvent recovery by more than 10% over previous year.

B. Water Recycling:-Efforts are being made for making manufacturing sites zero discharge by installation and recycling of waste water..

C. Recycling Packaging Material:-Company decontaminates its packaging material and recycles part of it for in-house use.

Principle 3- Businesses should promote the well-being of all employees.

1.	Total number of employees.	2070
2.	Total number of employees hired on temporary/contractual/casual basis.	203
3.	Number of permanent women employees.	56
4.	Number of permanent employees with disabilities	12

5. Do you have an employee association that is recognized by management?

No, the Company does not have any employee association recognised by the management.

6. What percentage of your permanent employees is members of this recognized employee association? N.A

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No	Category	No. of Complaints filed during the financial year	No. of Complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

   - Permanent Employees
   - Permanent Women Employees
   - Casual/Temporary/Contractual Employees
   - Employees with Disabilities

   100% employees are covered for various safety trainings undertaken by the Company from time to time.

   A substantial proportion of our employees are covered by technical/functional and behavioural skills up-gradation programmes each year.

Principle 4- Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   Yes, the Company has mapped its internal and external stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?. If so, provide details thereof, in about 50 words or so.**

   The Sustainability Policy of the Company lays down that the capabilities of the business must be strengthened to fulfil various stakeholder expectations through greater engagement with special focus on those groups that are socially and economically marginalised. Hence, the Company has identified clusters of stakeholders who are directly and indirectly affected by its operations and designed suitable target mechanisms for each cluster:-

1.	Employees	The various engagement platforms for employees include Training Programs, Conferences, Annual Meet, Sports Meet, Founder's Day Celebration, In-House Publications etc.
2.	Investors and Stakeholders	Engagement platforms include Analysts Meets, Earnings Call, Annual Report, Quarterly Reports, Press Releases and Investor Presentations.
3.	Customers and Partners	Engagement platforms include Surveys, Vendor Meets, Plant Visits, Regular Business Meetings, Training And Development, Dealer/Distributor Meets etc.
4.	Society	The Company engages with the society through PI Foundation and community development initiatives that further the cause of inclusive development.

Principle 5 - Businesses should respect and promote human rights.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Company makes sure that respect for human rights remains at the forefront of its business, by continually reviewing, monitoring and addressing the risks of our activities with regard to human rights. The provisions relating to adherence to global human rights principles and prohibition of human rights abuses have been laid down in the Sustainability Policy of the Company which applies to the Company and extends to the group, suppliers, NGOs, etc.

2. **How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management?**

   The Company has not received any stakeholder complaints pertaining to Human Rights Violation.

Principle 6 - Business should respect, protect and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   PI places the highest accord to matters pertaining to Environment, Health and safety in all its sphere of activities. It's evident from the well-defined Environment, Health and Safety (EHS) Policy that put across the company's perspective on matters pertaining to environmental impact and the measures that needs to be adapted to mitigate it. The policy is communicated to all employees and associated stakeholders of the Company. Company is committed to make all possible efforts to ensure sustainability of operations not only for itself but to its suppliers, contractors, partners and whole group.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, PI Industries being a responsible corporate has made all efforts to address the concerns arising from global environmental issues like climate change & global warming within and beyond our sphere of influence. Many strategies have been crafted and put in execution to address the issues concerned. Notably among them are:

The Company has recently adopted its Sustainable Policy based on which the roadmap for addressing issues pertaining to carbon emissions and climate change has been evolved.

The Company has made all necessary arrangements to map its energy consumption and is constantly striving to reduce its energy intensity (Per MT of Product) along with increasing the share of renewable energy in the overall energy basket.

The Company has made efforts to reduce its carbon footprint in its supply chain by engaging with the concerned stakeholders.

The Company is at the forefront of R&D activities that it is constantly engaged in developing products that can deliver the intended value to the customer with minimal environmental footprint.

3. **Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company by way of its EHS policy commits to continuously work to reduce adverse environmental impacts. Before setting up of facilities, the company has carried out Environmental Impact Assessment (EIA) study to identify & assess all potential environmental risks that will be realized owing to the company's operations. Based on this study, specific mitigation plans have been developed to address these environmental risks. Besides, the Company has all its manufacturing facilities certified for ISO 14001, Environment Management System (EMS) Standard, wherein it is required to identify potential environmental risks and develop appropriate mitigation strategies to reduce such risks, for all its operations. All new expansions and modifications are assessed for environmental risk before the changes are put in effect.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company has not registered any projects under Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.Y/N. If yes, please give hyperlink for web page etc.**

Yes, the Company has undertaken various initiatives on clean technology, energy efficiency and renewable energy. Such initiatives are:

(a) Envisaging the increasing pressure on natural resources, PI is helping the farmers to produce more rice by saving the water used for irrigation and its associated costs. Collaborating with various Japanese companies, PI has introduced a new post emergent herbicide for rice crop in India. This technology not only saves precious water in all types of rice produced but also controls major grasses, sedges and broad leaf weeds in the Direct Sown Rice (DSR), thus minimising the yield losses caused by weed infestation thereby increasing soil productivity.

(b) The Company has installed roof top solar plant at its Udaipur R&D facility which meets the entire lighting requirements for the Administration Building.

(c) The Company has successfully commissioned Bio-ETP facility at its R&D centre at Udaipur. Owing to this the effluent which initially was sent for evaporation is now treated in this Bio-ETP which has resulted in significant energy savings and reduction in water consumption.

(d) On the water conservation front the company has undertaken various initiatives like condensate recovery, increasing the COC (Cycle of concentration) in cooling towers, optimizing the cooling tower blowdown, recycling of treated effluent from ETP etc.

(e) The Company has installed LED lights in its premises and in furtherance of its objective to save power consumption, the Company plans to replace all incandescent lights with LED lights.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Company's all manufacturing sites comply with the prescribed permissible limits for air emissions, effluent discharge, and hazardous waste generation and disposal as per their regulatory consents/ authorizations.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

The Company has not received any show cause/ legal notices from CPCB/SPCB during the financial year.

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Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company is the member of:-

   1. Crop Care Federation of India
   2. Confederation of Indian Industry (CII)
   3. Federation of Indian Chambers of Commerce & Industry (FICCI)
   4. Indian Chemical Council
   5. Institute of Directors
   6. National Accreditations Board
   7. Bureau of Indian Standards
   8. Udaipur Chamber of Commerce & Industry (UCCI)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas**

   Yes, the Company has been a member in the above institutions for almost two decades and has actively participated and advocated through the above associations. The Company has also played a part in suggesting reasonable amendments in various agriculture policies and has provided constructive feedback on various draft rules and regulations.

Principle 8 - Businesses should support inclusive growth and equitable development.

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company engages with the society through PI Foundation and community development initiatives that further the cause of inclusive development. These initiatives include:-

   1. **Sustainable Agriculture Practices: -** Sustained agriculture through conservation of water by promoting Direct Seeded Rice Technology which has led to a 25-30% savings in costs related to energy, labour etc. Our propagation of the DSR technique has impacted over 716,000 hectares of farm land thereby saving up to 393 billion gallons of water.
   2. **Water purification: -** In Andhra Pradesh, Karnataka and Bihar, water has been made safe for drinking by the elimination of excessive fluoride and iron content through RO water plants installed by PI. Tap water facility provisions have been made in several schools in Gujarat and Rajasthan and as many as 10,000 families now have access to safe drinking water.
   3. **Education: -** Supporting 50 schools around company's plant for improving the enrolment, reducing dropout, improvement in attendance, passing grades, and primary completion rates. In collaboration with a reputed NGO Pratham, the programme is expanding to 135 schools in 82 villages. To inculcate the habit of learning; we have also set-up library with a provision of interesting learning books, maths kits, science kits, sports material, notebooks and stationeries in government schools. The Company has also initiated a "Mobile Education Van" project which provides joyful teaching techniques to the students deployed in Baruch region.
   4. **Skill Development: -** Increasing the employability of school drop-outs / talented underprivileged graduates from economically weaker sections of the society through specially designed vocational training course on chemical engineering concept and courses in retail, hospitality and BPO sector jobs.
   5. **Livelihood Creation through Women Empowerment Programmes: -** Improving the livelihood opportunities for women members and their families by providing them enhanced access to credit, bank linkages, skill development opportunities and entrepreneurship development in dairy value chain through the promotion of Self-help groups and cooperatives development.
   6. **Health: -** Access to preventive health care and equitable distribution of health services by deploying Mobile Health care vans which provides preventive, promotive and curative health services at the beneficiary's doorstep.
   7. **Hygiene & Sanitation:-** Construction of toilets in schools. Awareness and behaviour change programmes providing training regarding health and hygiene covering school children, their parents and communities in the nearby villages. Initiatives have also been made to provide purified water to villagers in order to mitigate the challenges of safe drinking water.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   Programmes are undertaken through PI Foundation. The foundation works with experts and reputed NGOs / vendors for engaging with various communities.

3. **Have you done any impact assessment of your initiative?**

   We review our internal assessment systems and projects from time to time. Impact assessment is proposed every three years after the inception of the programme with mid-term reviews in the intervening years.

4. What is your Company's direct contribution to community development projects Amount in INR and the details of the projects undertaken?

During the financial year 2017-18, the company has contributed an amount of INR 8.57 Cr. towards community development projects. For details of the projects undertaken, refer the projects listed in the CSR report forming part of the Board Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, the Company has taken steps to ensure that their CSR programmes are adopted by the community. The Company continuously works with various external agencies in engaging with communities:-

a) Under the National Health Mission Project, "Swasthya Seva" was initiated which aimed at improving the health entitlements to the villagers in remote villages of Jambusar and Panoli with the help of 3 Mobile Health units by providing services like prevention, treatment, immunization & counselling for health issues. In order to ensure successful adoption of these initiatives, the village development communities have been empowered to decide the timing, location and eligibility to access these services. As a result of this combined effort of the Company and the village communities, tremendous success has been achieved in administering vaccinations against diseases such as Polio, TB and DPT. Apart from this, there has been a decline of approximately 70% in the primary health ailments caused due to unhygienic health conditions.

b) Under "Swaccha Bharat Mission",construction of household toilets and school toilets have been undertaken in the vicinity of the Company's plants to spread awareness regarding the importance of health, hygiene and sanitation. Awareness and behavior change programmes were also conducted providing training regarding health and hygiene to school children and village communities. Village committees have been formed to ensure participative management in the upkeep and maintenance of toilets, promote usage of toilets, keep village open defecation free and promote sanitation in the village.



c) Under the "Women Empowerment" programme,initiatives were taken to improve the livelihood of women members and their families. As a result of these efforts, rural women have been provided with enhanced access to credit, bank linkages, skill development and entrepreneurship in dairy value chain. Successful adoption of these initiatives was evidenced by several micro businesses set up by the women and Self Help Groups.

Principle 9- Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

As on March 31, 2018, 11 consumer cases were pending before the various forums.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

The Company displays what is required as per the regulatory requirements. The Company complies with the requirements of the Insecticides Act, 1968, Insecticides Rules, 1971 and Legal Metrology Act, 2009.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No complaints have been received by the Company under the aforementioned heads during the last five years.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Customer feedback survey is carried out on a yearly basis by the Quality Assurance Team for Company's exports business.

Financial Statements

Independent Auditors' Report

To
The Members of
PI Industries Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of PI Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design,implementation and maintenance of adequate internal financial controls,that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10)of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by 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, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 16, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

(e) On the basis of the written representations received from the directors as on March 31,2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 14(c), 15, 17 and 32;

ii. The Company has long-term contracts including derivative contracts as at March 31, 2018 for which there were no material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place of Signature: Gurugram
Date: May 15, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11[f] of the Independent Auditors' Report of even date to the members of PI Industries Limited on the standalone financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 ofSection 143 of the Act

1. We have audited the internal financial controls over financial reporting of PI Industries Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 (ICAI). These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. 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, 2018, 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 **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place of Signature: Gurugram
Date: May 15, 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of PI Industries Limited on the standalone financial statements as of and for the year ended March 31, 2018

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

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

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

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

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

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

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of providend fund, service tax, labour welfare fund and professional tax,though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, sales tax, income tax, duty of customs, duty of excise, value added tax, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of customs, goods and service tax, duty of excise and value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded (Rs in Lacs)	Amount Paid under Protest (Rs in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Assam Value Added Tax Act	Value Added Tax	1.49	0.37	2007-08	Joint Commissioner Guwahati
Kerala Value Added Tax Act	Value Added Tax	3.39	3.39	2008-09	Deputy Commissioner (Appeals) Earnakulam
Kerala Value Added Tax Act	Value Added Tax	1.79	1.79	2009-10	Deputy Commissioner (Appeals) Earnakulam
Andhra Pradesh Value Added Tax Act	Value Added Tax	1.30	0.65	2009-10	Telangana VAT Tribunal
Andhra Pradesh Value Added Tax Act	Value Added Tax	4.78	2.39	201o-11	Telangana VAT Tribunal
Madhya Pradesh Value Added Tax Act	Value Added Tax	3.96	3.96	2011-12	Deputy Commissioner (Appeals), Indore
Andhra Pradesh Value Added Tax Act	Value Added Tax	8.61	4.31	2011-12	Telangana VAT Tribunal
Gujarat Value Added Tax Act	Value Added Tax	156.83	156.83	2011-12	Joint Commissioner, Vadodara
Gujarat Value Added Tax Act	Value Added Tax	185.87	185.87	2012-13	Joint Commissioner, Baroda
West Bengal Value Added Tax Act	Value Added Tax	2.49	2.49	2013-14	Taxation Tribunal, Kolkata

Name of the statute	Nature of dues	Amount Demanded (Rs in Lacs)	Amount Paid under Protest (Rs in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Gujarat Value Added Tax Act	Value Added Tax	116.94	116.94	2013-14	Joint Commissioner, Baroda
Uttar Pradesh Goods and Service Tax Act	Goods and Service Tax	2.3	2.3	2017-18	Taxation Tribunal, UP
Income Tax Act	Income Tax	246.11	-	2011-12	Rajasthan High Court
Income Tax Act	Income Tax	204.17	30.62	2012-13	Commissioner of Income tax (Appeal)
Income Tax Act	Income Tax	329.92	50	2013-14	Commissioner of Income tax (Appeal)
Central Excise Act	Excise Duty	44.92	44.92	1987-88	Rajasthan High Court
Central Excise Act	Cenvat Credit	159.17	-	March, 2011 to June 2013	CESTAT
Central Excise Act	Excise Duty	48.16	3.61	December 2014 to July 2015	Commissioner (Appeals), Jammu
Custom Act	Custom Duty	964.70	-*	2008	Assistant Commissioner of Customs, Mumbai

*Company has issued Bank Guarantee amounting to Rs 964.70 Lacs towards custom duty demand.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

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

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

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

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

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

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

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place of Signature: Gurugram
Date: May 15, 2018

Inspired by Science

Balance Sheet

as at March 31, 2018

(₹ in lacs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	98,862.15	93,540.14
Capital work-in-progress		6,912.15	5,834.66
Other intangible assets	5	712.30	740.58
Intangible asset under development	6	2,076.33	1,897.18
Financial assets			
(i) Investments	7(a)	149.10	149.10
(ii) Loans	7(c)	739.39	266.36
(iii) Other financial assets	7(g)	416.70	257.36
Deferred tax assets	16	2,516.96	1,791.10
Other non-current assets	9	3,902.85	3,207.08
Total non-current assets		**116,287.93**	**107,683.56**
Current assets			
Inventories	8	45,200.51	43,194.58
Financial assets			
(i) Investments	7(b)	15,950.32	8,243.11
(ii) Trade receivables	7(d)	52,675.17	42,371.16
(iii) Cash and cash equivalents	7(e)	11,520.65	8,277.14
(iv) Bank balances other than (iii) above	7(f)	521.56	3,842.89
(v) Loans	7(c)	779.25	889.39
(vi) Other financial assets	7(g)	1,900.47	3,974.31
Current tax assets	10	24.89	495.63
Other current assets	9	16,643.05	9,334.57
Total current assets		**145,215.87**	**120,622.78**
Total assets		**261,503.80**	**228,306.34**
EQUITY & LIABILITIES			
Equity			
Equity share capital	11	1,379.07	1,375.87
Other equity	12	189,843.05	159,510.86
Total equity		**191,222.12**	**160,886.73**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	14(a)	4,633.33	8,296.73
(ii) Other financial liabilities	14(c)	1,831.72	1,719.13
Provisions	15	2,326.26	2,269.32
Total non current liabilities		**8,791.31**	**12,285.18**
Current Liabilities			
Financial liabilities			
(i) Trade payables	14(b)	37,034.69	28,806.91
(ii) Other financial liabilities	14(c)	21,396.61	22,252.39
Other current liabilities	17	1,985.85	3,190.76
Provisions	15	1,073.22	884.37
Total current liabilities		**61,490.37**	**55,134.43**
Total liabilities		**70,281.68**	**67,419.61**
Total equity and liabilities		**261,503.80**	**228,306.34**
Notes to accounts	1 to 41		

The accompanying notes referred to above form an integral part of these financial statements.

This is the balance sheet referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Profit & Loss

for the year ended March 31, 2018

(₹ in lacs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	18	230,871.71	238,293.77
Other income	19	5,998.05	3,581.93
Total income		**236,869.76**	**241,875.70**
Expenses:			
Cost of materials consumed		108,367.51	112,965.07
Purchase of stock in trade		7,756.61	7,431.93
Changes in inventories of finished goods, work in progress and stock in trade	20	778.48	(4,089.03)
Excise duty on sale of goods		3,163.21	10,647.91
Employee benefit expense	21	23,997.24	22,037.76
Finance cost	25	587.96	719.84
Depreciation and amortisation expense	24	8,257.02	7,267.45
Other expense	22	37,602.42	34,247.40
Total expenses		**190,510.45**	**191,228.33**
Profit before tax		**46,359.31**	**50,647.37**
Income tax expense	26		
Current tax		(9,954.87)	(10,242.81)
Deferred tax		249.67	5,331.96
Total tax expense		**(9,705.20)**	**(4,910.85)**
Profit for the year		**36,654.11**	**45,736.52**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		172.77	(672.59)
Income tax relating to the above item		(59.79)	232.77
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		(1,311.26)	1,426.86
Income tax relating to the above item		453.80	(493.81)
Total comprehensive income for the year		**35,909.63**	**46,229.75**
Earnings per equity share	28		
1) Basic (in ₹)		26.62	33.31
2) Diluted (in ₹)		26.55	33.08
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 41		

The accompanying notes referred to above form an integral part of these financial statements.

This is the statement of profit and loss referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2018

a. Equity share capital

(₹ in lacs)

Particulars	Note	As at March 31, 2018		As at March 31, 2017	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	11	137,586,624	1,375.87	137,127,222	1,371.27
Changes in equity share capital during the year		320,694	3.20	459,402	4.60
Balance at the end of the reporting period		**137,907,318**	**1,379.07**	**137,586,624**	**1,375.87**

b. Other equity

(₹ in lacs)

Particulars	Notes	Reserves & Surplus					Other reserves	
		Capital reserve	Securities premium reserve	Share option outstanding account	General reserve	Retained earnings	Effective portion of Cash flow Hedges	Total other equity
Balance at April 1, 2016		**148.88**	**17,740.31**	**1,097.30**	**13,992.72**	**80,695.90**	**420.50**	114,095.61
Profit for the year		-	-	-	-	45,736.52	-	**45,736.52**
Other comprehensive income		-	-	-	-	(439.82)	933.05	**493.23**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**45,296.70**	**933.05**	**46,229.75**
Transactions with owners in their capacity as owners:								
Premium on issue of equity shares through ESOP	12 b.	-	1,353.55	-	-	-	-	**1,353.55**
Shares issued under ESOP scheme	12 c.	-	-	(527.17)	-	-	-	**(527.17)**
Expense on Employee Stock Option Scheme	12 c.	-	-	843.06	-	-	-	**843.06**
Dividends paid	13	-	-	-	-	(2,063.80)	-	**(2,063.80)**
Dividend Distribution Tax (DDT)	13	-	-	-	-	(420.14)	-	**(420.14)**
Transfer to General reserve	12 d, e	-	-	-	4,573.66	(4,573.66)	-	**-**
Balance at March 31, 2017		**148.88**	**19,093.86**	**1,413.19**	**18,566.38**	**118,935.00**	**1,353.55**	**159,510.86**
Profit for the year		-	-	-	-	36,654.11	-	**36,654.11**
Other comprehensive income	12 e, f	-	-	-	-	112.98	(857.46)	**(744.48)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**36,767.09**	**(857.46)**	**35,909.63**
Transactions with owners in their capacity as owners								
Premium on issue of Equity Shares through ESOP	12 b.	-	1,437.27	-	-	-	-	**1,437.27**
Shares issued under ESOP scheme	12 c.	-	-	(556.83)	-	-	-	**(556.83)**
Expense on Employee Stock Option Scheme	12 c.	-	-	165.96	-	-	-	**165.96**
Dividends paid	13	-	-	-	-	(5,503.46)	-	**(5,503.46)**
Dividend Distribution Tax (DDT)	13	-	-	-	-	(1,120.38)	-	**(1,120.38)**
Balance at March 31, 2018		**148.88**	**20,531.13**	**1,022.32**	**18,566.38**	**149,078.25**	**496.09**	**189,843.05**

The accompanying notes referred to above form an integral part of these financial statements.

This is the statement of changes in equity referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Cash Flows

for the year ended March 31, 2018

(₹ in lacs)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Income Tax	**46,359.31**	**50,647.37**
	Adjustments for :-		
	Depreciation and amortisation expense	8,257.02	7,267.45
	Finance costs	587.96	719.84
	Provision for Bad and Doubtful debts & Advances	691.98	349.56
	Interest Income on Financial Assets at amortised cost	(2,623.58)	(1,476.30)
	Unwinding of discount on Security Deposits	(19.79)	(14.06)
	Expense on Employee Stock Option Scheme	165.96	843.06
	(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	53.27	23.71
	(Gain)/Loss on sale of Investments (Net)	(83.95)	(61.77)
	(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	(707.21)	(243.11)
	Unrealised (Gain)/Loss on foreign currency transactions (Net)	(785.63)	46.11
	Operating Profit before Working Capital changes	**51,895.34**	**58,101.86**
	(Increase) / Decrease in Trade Receivables	(9,045.90)	(3,902.47)
	(Increase) / Decrease in Current financial assets - Loans	129.93	(208.90)
	(Increase) / Decrease in Non-current financial assets - Loans	(473.03)	108.24
	(Increase) / Decrease in Other current financial assets	(305.69)	(270.35)
	(Increase) / Decrease in Other non-current financial assets	(117.86)	(18.17)
	(Increase) / Decrease in Other current assets	(7,398.18)	(376.44)
	(Increase) / Decrease in Other non-current assets	216.91	825.19
	(Increase) / Decrease in other bank balances	546.87	-
	(Increase)/Decrease in Inventories	(2,005.93)	(3,714.23)
	Increase / (Decrease) in Current Provisions and Trade Payables	8,324.88	(8,407.57)
	Increase / (Decrease) in Non-current Provisions	56.94	1,107.97
	Increase / (Decrease) in Other current financial liabilities	281.78	2,166.84
	Increase / (Decrease) in Other non-current financial liabilities	112.59	19.17
	Increase / (Decrease) in Other current liabilities	(1,204.91)	341.96
	Cash generated from Operations before tax	**41,013.74**	**45,773.10**
	Income Taxes paid	(9,566.31)	(12,093.34)
	Net cash inflow (outflow) from Operating Activities	**31,447.43**	**33,679.76**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(16,958.39)	(14,179.02)
	Proceeds from sale of property, plant & equipment	8.90	60.01
	Purchase and Sale of Current Investments	(3,902.01)	(10,952.27)
	Interest Received	2,623.58	1,476.30
	Net cash used in Investing Activities	**(18,227.92)**	**(23,594.98)**
	Net cash inflow (outflow) from Operating and Investing Activities	**13,219.51**	**10,084.78**

Inspired by Science

(₹ in lacs)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from issue of Equity Share Capital	3.20	4.60
	Premium on issue of equity shares under ESOP scheme	880.44	826.38
	Short Term Borrowings (Net)	-	56.80
	Repayment of Borrowings - Term Loan *	(3,644.82)	(2,724.13)
	Interest paid (Net)	(590.98)	(720.09)
	Dividends paid (including Tax)	(6,623.84)	(2,483.94)
	Net Cash inflow (outflow) from Financing Activities	(9,976.00)	(5,040.38)
	Net Cash inflow (outflow) from Operating, Investing & Financing Activities	3,243.51	5,044.40
	Net increase (decrease) in Cash & Cash equivalents	**3,243.51**	**5,044.40**
	Cash & Cash equivalents at beginning of the financial year	**8,277.14**	**3,232.74**
	Cash & Cash equivalents at end of the year	11,520.65	8,277.14
	Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 7(e)):-		
	i) Cash on Hand	7.01	6.17
	ii) Balance with Banks :		
	- In Current Accounts	1,420.11	548.77
	- In Fixed Deposits	10,093.53	7,722.20
	TOTAL	**11,520.65**	**8,277.14**

* Refer Note 14 (a) c

The above Cash Flow Statement has been prepared under the Indirect method as set out in IND AS - 7. Refer note 2 (o).

Figures in brackets indicate cash outflows.

This is the statement of cash flow referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Notes to the Financial Statements

for the year ended March 31, 2018

1 CORPORATE INFORMATION

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

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

The registered office of the company is situated at Udaisagar Road, Udaipur – 313 001, Rajasthan, India and the corporate office is situated at 5th Floor, Vipul Square, B-Block, Sushant Lok, Phase-I, Gurgaon - 122 009.

2 BASIS OF PREPARATION

a) Statement of compliance

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

These financial statements were authorised for issue by the Board of Directors on May 15, 2018.

b) Basis of measurement

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

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

c) Amended standards adopted by the Company

The amendments to IND AS 7 requires disclosure of changes in liabilities arising from financing activities. Refer Note 14 (a).

d) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional and presentation currency. All amounts have been presented in lacs with two decimal, unless otherwise indicated.

e) Current or Non current classification

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

f) Use of judgements and estimates

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

a) Property, plant and equipment

i) Recognition and measurement

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

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs relating to acquisition of qualifying fixed assets, if material, are also included in cost to the extent they relate to the period till such assets are ready to be put to use.

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

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

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

ii) Transition to Ind AS

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

III) Depreciation

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

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

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

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

Leasehold land and Cost of improvement on leasehold building is being amortised over the lease period.

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

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

b) Intangible assets

i) Recognition and measurement

<u>Intangible assets acquired separately</u>

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

<u>Internally generated intangible assets - Research and development</u>

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

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

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

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

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

ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property,

Notes to the Financial Statements

for the year ended March 31, 2018

plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

iii) Amortisation

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

Software	6 years
Product development	5 years

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

c) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ('CGUs'). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

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

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

d) Financial instruments

i) Initial recognition

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

ii) Subsequent measurement

(i) Financial assets carried at amortised cost

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

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

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

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

(iii) Financial assets at fair value through profit or loss

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

iii) Impairment of financial assets

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

With regard to trade receivable, the Company applies the simplified approach (Refer Note No. 37(i)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

iv) Derecognition

Financial Assets

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

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

Financial Liabilities

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

v) Reclassification of Financial Assets and Financial Liabilities

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

vi) Derivative financial instruments

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

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recorded in the Company's hedging reserve as a component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss.

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

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

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

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

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company has a legally

Notes to the Financial Statements

for the year ended March 31, 2018

enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Fair value measurement

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

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

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

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

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

f) Inventories

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

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

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

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

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

g) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

h) Revenue Recognition

i) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made. Amounts disclosed as revenue are inclusive of excise duty and net of returns, discounts, volume rebates and net of goods and service tax.

ii) Sale of services

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

iii) **Export Incentives**

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

iv) **Interest Income**

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

v) **Dividends**

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

i) **Employee Benefits**

i) **Short term employee benefits**

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

ii) **Defined contribution plans**

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

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

iii) **Defined benefit plans**

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

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

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

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

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

iv) **Other long-term employee benefits**

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

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

Notes to the Financial Statements

for the year ended March 31, 2018

j) Foreign currency transactions

Initial recognition:

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

Conversion:

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

Exchange difference:

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

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

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

k) Borrowing costs

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

l) Income tax

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

i) Current tax

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

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

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

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

ii) Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

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

m) Segment Reporting

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

The Management Advisory Committee of the Company has been identified as the CODM by the Company. Refer Note 33 for Segment disclosure.

n) Cash and cash equivalents

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

o) Cash flow statement

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

p) Lease

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

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

Company as lessee under finance lease

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

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

Company as lessee under operating lease

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

q) Share-based payment transactions

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

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

r) Earning per share

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

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

s) Dividends

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

Notes to the Financial Statements

for the year ended March 31, 2018

4 PROPERTY, PLANT & EQUIPMENT

(₹ in lacs)

Particulars	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount								
As at beginning of April 01, 2016	2,011.72	55.86	21,376.26	67,289.58	616.46	556.30	10.44	91,916.62
Additions	-	-	4,905.87	8,600.05	331.31	217.11	3.24	14,057.58
Disposals	-	-	(35.27)	(96.28)	(4.41)	(0.37)	-	(136.33)
As at March 31, 2017	**2,011.72**	**55.86**	**26,246.86**	**75,793.35**	**943.36**	**773.04**	**13.68**	**105,837.87**
Additions	-	-	2,956.44	9,891.05	384.78	202.21	9.87	13,444.35
Disposals	-	-	-	(84.85)	-	(1.96)	(0.03)	(86.84)
As at March 31, 2018	**2,011.72**	**55.86**	**29,203.30**	**85,599.55**	**1,328.14**	**973.29**	**23.52**	**119,195.38**
Accumulated depreciation								
As at beginning of April 01, 2016	21.47	-	499.73	4,583.44	39.36	81.31	3.49	5,228.80
Depreciation charge during the year	21.47	-	880.32	5,999.61	77.88	140.59	1.67	7,121.54
Disposals	-	-	(1.33)	(49.94)	(1.10)	(0.24)	-	(52.61)
As at March 31, 2017	**42.94**	**-**	**1,378.72**	**10,533.11**	**116.14**	**221.66**	**5.16**	**12,297.73**
Depreciation charge during the year	21.47	-	1,058.25	6,692.96	114.70	170.44	2.35	8,060.17
Disposals	-	-	-	(23.76)	-	(0.89)	(0.02)	(24.67)
As at March 31, 2018	**64.41**	**-**	**2,436.97**	**17,202.31**	**230.84**	**391.21**	**7.49**	**20,333.23**
Net carrying amount								
As at March 31, 2017	**1,968.78**	**55.86**	**24,868.14**	**65,260.24**	**827.22**	**551.38**	**8.52**	**93,540.14**
As at March 31, 2018	**1,947.31**	**55.86**	**26,766.33**	**68,397.24**	**1,097.30**	**582.08**	**16.03**	**98,862.15**

a. Depreciation for the year includes depreciation amounting to ₹ 901.92 lacs (March 31, 2017 ₹ 525.74 lacs) on assets used for Research & Development. During the year Company incurred ₹ 1,665.27 lacs (March 31, 2017 ₹ 5,304.18 lacs) towards capital expenditure for Research & Development (Refer Note 27).

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

c. Refer note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the Financial Statements

for the year ended March 31, 2018

5 OTHER INTANGIBLE ASSETS

(₹ in lacs)

	Computer Software	Product Development	Total
Gross carrying amount			
As at beginning of April 01, 2016	483.51	95.47	578.98
Additions	401.44	-	401.44
As at March 31, 2017	**884.95**	**95.47**	**980.42**
Additions	168.58	-	168.58
As at March 31, 2018	**1,053.53**	**95.47**	**1,149.00**
Accumulated amortisation			
As at beginning of April 01, 2016	80.27	13.66	93.93
Amortisation charge during the year	124.50	21.41	145.91
As at March 31, 2017	**204.77**	**35.07**	**239.84**
Amortisation charge during the year	**175.45**	**21.41**	**196.86**
As at March 31, 2018	380.22	56.48	436.70
Net Carrying Amount			
As at March 31, 2017	**680.18**	**60.40**	**740.58**
As at March 31, 2018	**673.31**	**38.99**	**712.30**

6 INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lacs)

	Intangible Assets under Development
As at beginning of April 01, 2016	1,256.31
Additions	640.87
As at March 31, 2017	1,897.18
Additions	489.31
Disposal	(310.16)
As at March 31, 2018	2,076.33

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

7 FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

(₹ in lacs)

	As at March 31, 2018		As at March 31, 2017	
Investment in equity instruments (fully paid up)				
Unquoted shares				
Investment in equity instruments of wholly-owned subsidiary companies at Cost				
a) PILL Finance & Investment Limited	36.00		36.00	
3,60,000 (March 31, 2017 : 3,60,000) Equity Shares of ₹ 10 each fully paid				
b) PI Life Science Research Limited	94.50		94.50	
9,45,000 (March 31, 2017 : 9,45,000) Equity Shares of ₹10 each fully paid				
c) PI Japan Company Limited	18.60		18.60	
100 (March 31, 2017 : 100) Equity Shares of ₹18,600 each fully paid - (JPY 50,000 each)		**149.10**		**149.10**
TOTAL		**149.10**		**149.10**
Aggregate amount of un-quoted investments		149.10		149.10
Aggregate amount of impairment in the value of investments		-		-

Notes to the Financial Statements

for the year ended March 31, 2018

7(b) CURRENT INVESTMENTS

(₹ in lacs)

	As at March 31, 2018		As at March 31, 2017	
Investment in mutual funds at FVTPL				
Quoted				
a) **Reliance Liquid Fund-Treasury Plan-Growth Plan-Growth Option**	3,252.66		2,080.52	
77,036.308 (March 31, 2017 : 52,618.45) Units				
b) **SBI Premier Liquid Fund-Regular Plan-Growth**	3,115.52		2,032.59	
1,14,726.879 (March 31, 2017 : 79,844.41) Units				
c) **ICICI Prudential Liquid Plan-Growth**	3,256.18		2,081.26	
12,70,018.482 (March 31, 2017 : 8,66,628.55) Units				
d) **HDFC Liquid Fund-Regular Plan-Growth**	3,216.94		2,048.74	
94,323.052 (March 31, 2017 : 64,030.18) Units				
e) **Aditya Birla Sun Life Cash Plus-Growth-Direct Plan**	3,109.02		-	
11,13,090.088 (March 31, 2017 : Nil) Units		**15,950.32**		**8,243.11**
TOTAL		**15,950.32**		**8,243.11**
Aggregate amount of quoted investments and market value thereof		**15,950.32**		**8,243.11**
Aggregate amount of impairment in the value of investments		-		-

7(c) LOANS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good unless stated otherwise				
Security deposits*	375.14	266.36	32.12	36.13
Loans and advances to related parties (Refer Note 34)	364.25	-	420.14	375.94
Other loans and advances				
Employee advances				
Considered good	-	-	30.77	424.39
Doubtful	-	-	5.65	3.52
Less: Allowance for doubtful employee advances	-	-	(5.65)	(3.52)
Other miscellaneous advances	-	-	296.22	52.93
	-	-	326.99	477.32
TOTAL	**739.39**	**266.36**	**779.25**	**889.39**

* Includes ₹ 0.50 lacs (March 31, 2017 ₹ 0.50 lacs) rent deposit to PILL Finance & Investment Limited.

7(d) TRADE RECEIVABLES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good unless stated otherwise		
- Considered good	52,675.17	42,371.16
- Doubtful	1,930.33	1,483.05
	54,605.50	**43,854.21**
Less: Allowance for doubtful debts	(1,930.33)	(1,483.05)
TOTAL	**52,675.17**	**42,371.16**
Of the above, trade receivable from related parties are given below:		
Total trade receivable from related parties (Refer Note 34)	61.95	9.58
Less: Allowance for bad and doubtful debts	-	(0.34)
Net trade receivables	**61.95**	**9.24**

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

Notes to the Financial Statements

for the year ended March 31, 2018

7(e) CASH AND CASH EQUIVALENTS

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
i. Cash & Cash Equivalents		
Balance with banks		
In Current Accounts	1,311.45	538.68
In EEFC account	108.66	10.09
Cash on hand	7.01	6.17
Deposits with maturity of less than 3 months*	10,093.53	7,722.20
TOTAL	**11,520.65**	**8,277.14**

* Includes deposits amounting to ₹ 2,069.69 lacs (March 31, 2017 : Nil) held as margin money.

ii. Disclosure on specified bank notes:

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the previous period from November 8, 2016 to December 30, 2016. The denomination wise SBNs and other notes as per the notification is given below:

(amount in ₹)

	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 08.11.2016	1,035,000	420,353	1,455,353
(+) Permitted receipts	-	2,637,416	2,637,416
(-) Permitted payments	-	(2,394,022)	(2,394,022)
(-) Amount deposited in Banks	(1,035,000)	(30,000)	(1,065,000)
Closing cash on hand as on 30.12.2016	**-**	**633,747**	**633,747**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

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

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
In deposit accounts held as margin money	462.93	784.16
Fixed deposits with bank	-	3,014.04
In unclaimed dividend accounts *	58.63	44.69
TOTAL	**521.56**	**3,842.89**

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

7(g) OTHER FINANCIAL ASSETS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
- Considered good	-	-	884.07	722.16
- Doubtful	-	-	795.84	652.06
Less: Allowance for doubtful debts	-	-	(795.84)	(652.06)
Deposits lodged with Excise & Sales Tax department	265.63	245.89	-	-
Deposit accounts held as margin money	52.95	11.47	0.02	267.15
Derivative financial instruments - foreign exchange forward contracts	98.12	-	1,016.38	2,985.00
TOTAL	**416.70**	**257.36**	**1,900.47**	**3,974.31**

Notes to the Financial Statements

for the year ended March 31, 2018

8 INVENTORIES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Raw materials {includes stock-in-transit ₹ 5,532.10 lacs (March 31, 2017 : ₹ 5,798.86 lacs)}	20,802.53	18,138.04
Work in progress	3,686.89	7,619.06
Finished goods {includes stock-in-transit ₹ 6,290.65 lacs (March 31, 2017 : ₹ 2,383.42 lacs)}	17,094.79	13,547.17
Stock in trade {includes stock-in-transit ₹ 217.67 lacs (March 31, 2017 : ₹ 41.98 lacs)}	1,503.75	1,897.68
Stores & spares {includes stock-in-transit ₹ 55.26 lacs (March 31, 2017 : ₹ 40.05 lacs)}	2,112.55	1,992.63
TOTAL	**45,200.51**	**43,194.58**

The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 490.04 lacs (March 31, 2017: ₹ 1,623.92 lacs)

9 OTHER ASSETS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Considered good unless stated otherwise				
Capital advances				
Considered good	3,249.25	2,327.46	-	-
Doubtful	10.80	1.69	-	-
Less: Allowance for doubtful advances	(10.80)	(1.69)	-	-
Advances to vendors				
Considered good	-	-	4,260.62	2,282.13
Doubtful	-	-	101.10	11.40
Less: Allowance for doubtful advances	-	-	(101.10)	(11.40)
Balance with Central Excise Authorities, Customs etc.	-	-	1,806.61	2,089.09
Prepayments	102.46	451.34	1,040.96	855.52
Other statutory advances	3.48	3.48	5,264.95	1,374.19
Export incentive receivables	-	-	4,269.91	2,733.64
Other miscellaneous advances*	547.66	424.80	-	-
TOTAL	**3,902.85**	**3,207.08**	**16,643.05**	**9,334.57**

* Miscellaneous advances includes amount of ₹ 500.01 lacs (March 31, 2017 ₹ 377.16 lacs) deposited with Sales Tax Authorities under protest.

10 CURRENT TAX ASSETS

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Advance income tax (Net of provision for income tax ₹ 59,632.45 lacs {March 31, 2017 ₹ 49,595.40 lacs})	24.89	495.63
TOTAL	**24.89**	495.63

Notes to the Financial Statements

for the year ended March 31, 2018

11 EQUITY SHARE CAPITAL

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Authorised Shares		
223,000,000 (March 31, 2017 : 223,000,000) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	2,230.00	2,230.00
5,000,000 (March 31, 2017 : 5,000,000) Preference Shares of ₹100 each (March 31, 2017 : ₹ 100 each)	5,000.00	5,000.00
	7,230.00	**7,230.00**
Issued Shares		
138,083,893 (March 31, 2017 : 137,763,199) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	1,380.84	1,377.63
	1,380.84	**1,377.63**
Subscribed & Fully Paid up Shares		
137,907,318 (March 31, 2017 : 137,586,624) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	1,379.07	1,375.87
Total subscribed and fully paid up share capital	**1,379.07**	**1,375.87**

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

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

The Company has only one class of Equity Shares having a par value of ₹1 per share (March 31, 2017 ₹ 1 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

During the year ended March 31, 2018, the Company has issued 320,694 equity shares of ₹ 1 each (March 31, 2017 459,402 equity shares of ₹ 1 each), as per exercise price to PII ESOP Trust, set up to administer Employee Stock Option Plan. Out of total equity shares issued to the Trust 233,496 equity shares of face value of ₹ 1 each (Previous Year 503,177 equity shares of face value of ₹ 1 each) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on March 31, 2018, 266,748 equity shares of face value of ₹ 1 per share (March 31, 2017 184,360 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 30).

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

Issued Share Capital

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2017-18	2016-17	2017-18	2016-17
Share outstanding at beginning of period	137,763,199	137,303,797	1,377.63	1,373.04
Shares issued under employee stock option scheme	**320,694**	**459,402**	**3.21**	**4.59**
Share outstanding at end of period	**138,083,893**	**137,763,199**	**1,380.84**	**1,377.63**

Subscribed & Paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2017-18	2016-17	2017-18	2016-17
Share outstanding at beginning of period	137,586,624	137,127,222	1,375.87	1,371.27
Shares issued under employee stock option plan	320,694	459,402	3.21	4.59
Share outstanding at end of period	**137,907,318**	**137,586,624**	**1,379.08**	**1,375.86**

e. **Shares reserved for issue under option**

Shares reserved for issue under employee stock option scheme is set out in Note 30.

Notes to the Financial Statements

for the year ended March 31, 2018

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

Equity Shares

Name of Shareholders	2017-18		2016-17	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	6.20	8,554,857	6.22
Ms. Madhu Singhal	21,560,500	15.63	21,560,500	15.67
Mr. Mayank Singhal	32,028,510	23.22	32,028,510	23.28
Ms. Pooja Singhal	8,665,550	6.28	8,665,550	6.30
ICICI Prudential Value Discovery Fund	7,345,756	5.33	4,646,256	3.38
Cartica Capital Ltd.	Nil	Nil	8,483,037	6.17

12 OTHER EQUITY

(₹ in lacs)

	As at March 31, 2018		As at March 31, 2017	
Reserves & surplus				
a. Capital reserve				
Balance at the beginning of the financial year	148.88		148.88	
Addition during the financial year	-	148.88	-	148.88
Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b. Securities premium reserve				
Balance at the beginning of the financial year	19,093.86		17,740.31	
Add: Premium on issue of equity shares through ESOP	1,437.27	20,531.13	1,353.55	19,093.86
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.				
c. Share option outstanding account				
Balance at the beginning of the financial year	1,413.19		1,097.30	
Less: Expense on employee stock option scheme	165.96		843.06	
Less: Shares issued under employee stock option scheme	(556.83)	1,022.32	(527.17)	1,413.19
The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 30).				
d. General reserve				
Balance at the beginning of the financial year	18,566.38		13,992.72	
Add: Transferred during the financial year	-	18,566.38	4,573.66	18,566.38
e. Surplus in statement of profit & loss				
Balance at the beginning of the financial year	118,935.00		80,695.90	
Addition during the financial year	36,654.11		45,736.52	
Add: Remeasurement gain / (loss) on defined benefit plans through OCI	112.98		(439.82)	
Less: Transfer to general reserves	-		(4,573.66)	
Less: Interim dividend on equity shares ₹ 1.50 per share (March 31, 2017 ₹ 1.50 per share)	(2,063.80)		(2,063.80)	
Less: Final dividend for the year ended March 31, 2017 ₹ 2.50 per share (March 31, 2016 - Nil per share)	(3,439.66)		-	

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

		As at March 31, 2018		As at March 31, 2017	
	Less: Dividend distribution tax on equity shares	(1,120.38)	149,078.25	(420.14)	118,935.00
	Items of other comprehensive income				
f.	**Cash flow hedge reserve**				
	Balance at the beginning of the financial year	1,353.55		420.50	
	Add: Other comprehensive income for the financial year	(857.46)	496.09	933.05	1,353.55
	The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
	TOTAL		**189,843.05**		**159,510.86**

13 DISTRIBUTION MADE AND PROPOSED

(₹ in lacs)

		As at March 31, 2018	As at March 31, 2017
A	**Dividends declared and paid:**		
	Final dividend for the year ended March 31, 2017 ₹ 2.50 (March 31, 2016 - Nil) per qualifying equity share	3,439.67	-
	Interim dividend for the year ended March 31, 2018 ₹ 1.50 (March 31, 2017 - ₹ 1.50) per qualifying equity share	2,063.80	2,063.80
	Total dividends	**5,503.47**	**2,063.80**

(a) The Company has paid tax on dividend amounting to ₹ 1,120.38 lacs (March 31, 2017 ₹ 420.14 lacs)

Particulars		As at March 31, 2018	As at March 31, 2017
B	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, subsequent to the year end the Board of Directors have recommended a final dividend of ₹ 2.50 per fully paid equity share (March 31, 2017 ₹ 2.50).	3,447.68	3,439.67
	Tax on dividend	701.95	700.32
	This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

14 FINANCIAL LIABILITIES

14(a) BORROWINGS (NON-CURRENT)

(₹ in lacs)

	Non- Current maturities		Current maturities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured				
Term Loans - From Banks				
Foreign Currency Loans from Banks	4,633.33	8,296.73	3,729.46	3,713.90
Less: Interest accrued but not due on borrowings (included in Note 14(c))	-	-	24.27	27.29
TOTAL	**4,633.33**	**8,296.73**	**3,705.19**	**3,686.61**

Notes to the Financial Statements

for the year ended March 31, 2018

a. **Foreign Currency Loans includes:**

External commercial borrowings (ECB) from HSBC bank amounting to USD 128.57 lacs carrying interest rate of 3 months LIBOR plus 1.42% is outstanding as on March 31, 2018 and is repayable in balance 9 quarterly instalments of USD 14.29 lacs each. The loan is secured by exclusive charge on movable plant and machinery relating to multi purpose plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). Carrying value of assets pledged as securities is ₹ 18,253.25 lacs. Refer note 40.

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

		As at March 31, 2018	As at March 31, 2017
c.	**Changes in liabilities arising from financing activities**		
	This section sets out changes in liabilities arising from financing activities pursuant to requirements under Ind AS 7		
	Current portion of long term financial borrowings	(3,705.19)	(3,686.61)
	Non-current portion of long term financial borrowings	(4,633.33)	(8,296.73)
	TOTAL	**(8,338.52)**	**(11,983.34)**
	Balance as at March 31, 2017		**(11,983.34)**
	Foreign exchange adjustments		(3.02)
	Interest expense		(284.51)
	Interest paid		287.53
	Re-payments		3,644.82
	Balance as at March 31, 2018		**(8,338.52)**

14(b) TRADE PAYABLES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Trade payables		
- Due to micro and small enterprises (Refer Note 35)	474.90	486.79
- Other trade payables*	36,559.79	28,320.12
TOTAL	**37,034.69**	**28,806.91**

* Other trade payable includes amount due to subsidiary companies amounting to ₹ 202.18 lacs (March 31, 2017 ₹ 29.04 lacs)

14(c) OTHER FINANCIAL LIABILITIES

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Employee payables*	-	-	4,855.01	4,039.21
Security deposits from dealers	1,816.72	1,701.63	-	-
Security deposits from contractors	15.00	17.50	25.50	27.25
Current maturities of long-term borrowings (Refer Note 14 (a))	-	-	3,705.19	3,686.61
Interest accrued but not due on borrowings	-	-	24.27	27.29
Unclaimed dividends	-	-	58.63	44.69
Creditors for capital purchases	-	-	2,386.73	3,553.79
Other payable**	-	-	10,341.28	10,873.55
	1,831.72	**1,719.13**	**21,396.61**	**22,252.39**

* This includes due to directors amounting to ₹ 680.94 lacs (March 31, 2017 ₹ 685.80 lacs)

** This includes due to non-executive/ independent directors amounting to ₹ 114.88 lacs (March 31, 2017 : ₹ 100.00 lacs)

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Notes to the Financial Statements

for the year ended March 31, 2018

15 PROVISIONS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits*				
Long term compensated absences	970.13	954.53	63.60	67.35
Gratuity	1,356.13	1,314.79	-	-
	2,326.26	2,269.32	63.60	67.35
Provisions for legal claims	-	-	1,009.62	817.02
	-	-	1,009.62	817.02
TOTAL	**2,326.26**	**2,269.32**	**1,073.22**	**884.37**

(i) Information about provisions for legal claims

(a) An objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Company filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2018 total differential custom duty demand is ₹ 964.70 lacs (March 31, 2017 ₹ 772.10 lacs). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 44.92 lacs (March 31, 2017: ₹ 44.92 lacs). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honourable Rajasthan High Court.

(ii) Movement in Other Provisions

(₹ in lacs)

	Legal claim
As at 1 April 2016	688.45
Provisions made during the year	128.57
As at 31 March 2017	817.02
Provisions made during the year	192.60
As at March 31, 2018	1,009.62

* Refer note 29 for movement in "Provision for Employee Benefits"

16 DEFERRED TAX (ASSETS)/LIABILITIES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Plant, property and equipment	10,318.50	9,452.28
Intangible assets	161.78	139.21
Other comprehensive income items		
- Remeasurements on defined benefit plans	(163.92)	(223.71)
- Effective portion on cash flow hedges	162.90	616.70
	10,479.26	**9,984.48**
Deferred tax assets		
Provision for employee benefits	(886.88)	(575.91)
Other provisions	(111.15)	-
Other financial liabilities	(54.48)	(132.38)
Trade receivables	(668.05)	(513.25)
Other financial assets	(275.42)	(225.67)
Others	(40.68)	(7.00)
Minimum alternate tax (MAT) credit entitlement	(10,959.56)	(10,321.37)
	(12,996.22)	**(11,775.58)**
Net deferred tax (assets)/ liabilities TOTAL	**(2,516.96)**	**(1,791.10)**

Notes to the Financial Statements

for the year ended March 31, 2018

Movement in deferred tax:

(₹ in lacs)

	As at March 31, 2017	Recognised in P&L	Recognised in OCI	Other Adjustments*	As at March 31, 2018
Deferred tax liabilities					
Plant, property and equipment	9,452.28	866.22	-	-	10,318.50
Intangible assets	139.21	22.57	-	-	161.78
Other comprehensive income items					
- Remeasurements on defined benefit plans	(223.71)	-	59.79	-	(163.92)
- Effective portion on cash flow hedges	616.70	-	(453.80)	-	162.90
Sub- Total (a)	**9,984.48**	**888.79**	**(394.01)**	**-**	**10,479.26**
Deferred tax assets					
Provision for employee benefits	575.91	310.97	-	-	886.88
Other provisions	-	111.15	-	-	111.15
Other financial liabilities	132.38	(77.90)	-	-	54.48
Trade receivables	513.25	154.80	-	-	668.05
Other financial assets	225.67	49.75	-	-	275.42
Others	7.00	33.68	-	-	40.68
Minimum alternate tax (MAT) credit entitlement	10,321.37	556.01	-	82.18	10,959.56
Sub- Total (b)	**11,775.58**	**1,138.46**	**-**	**82.18**	**12,996.22**
Net deferred tax liability (a)-(b)	**(1,791.10)**	**(249.67)**	**(394.01)**	**(82.18)**	**(2,516.96)**

Movement in deferred tax:

(₹ in lacs)

	As at April 01, 2016	Recognised in P&L	Recognised in OCI	Other Adjustments*	As at March 31, 2017
Deferred tax liabilities					
Plant, property and equipment	6,650.05	2,802.23	-	-	9,452.28
Intangible assets	138.07	1.14	-	-	139.21
Other comprehensive income items				-	
- Remeasurements on defined benefit plans	9.06	-	(232.77)	-	(223.71)
- Effective portion on cash flow hedges	122.89	-	493.81	-	616.70
Sub- Total (a)	**6,920.07**	**2,803.37**	**261.04**	**-**	**9,984.48**
Deferred tax assets					
Provision for employee benefits	421.76	154.15	-	-	575.91
Other financial liabilities	148.59	(16.21)	-	-	132.38
Trade receivables	430.32	82.93	-	-	513.25
Other financial assets	191.64	34.03	-	-	225.67
Others	22.89	(15.89)	-	-	7.00
Minimum alternate tax (MAT) credit entitlement	1,956.28	7,896.32	-	468.77	10,321.37
Sub- Total (b)	**3,171.48**	**8,135.33**	**-**	**468.77**	**11,775.58**
Net deferred tax liability (a)-(b)	**3,748.59**	**(5,331.96)**	**261.04**	**(468.77)**	**(1,791.10)**

* It consists actualisation of MAT credit entitlement for the FY 2015-16 on the basis of tax return filed.

17 OTHER LIABILITIES

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Advance from customers	-	-	1,161.16	1,980.88
Statutory dues payable	-	-	824.69	1,209.88
TOTAL	**-**	**-**	**1,985.85**	**3,190.76**

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Notes to the Financial Statements

for the year ended March 31, 2018

18 REVENUE FROM OPERATIONS

(₹ in lacs)

			Year ended March 31, 2018	Year ended March 31, 2017
	Revenue from operations includes			
a)	Sale of products (including excise duty)		**227,477.04**	**235,034.29**
b)	Sale of services;		**148.68**	**31.87**
c)	Other operating revenues:			
	Scrap sales		137.96	186.48
	Export incentives		3,108.03	3,041.13
			3,245.99	**3,227.61**
	Revenue From Operations (Net)	**TOTAL**	**230,871.71**	**238,293.77**

Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), Service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products' excludes the amount of GST recovered. Accordingly, revenue from 'Sale of Products' and 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

19 OTHER INCOME

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income from financial assets at amortised cost	2,623.58	1,476.30
Unwinding of discount on security deposits	19.79	14.06
Net gain on sale of investments	83.95	61.77
Net gain on financial assets measured at fair value through profit or loss	707.21	243.11
Net foreign exchange differences	2,347.99	1,652.72
Miscellaneous Income	215.53	133.97
TOTAL *	**5,998.05**	**3,581.93**

* Net of amount of loss/ (gain) ₹ 16.54 lacs (March 31, 2017 ₹ (231.00) lacs) which has been transferred to Capital work in progress during the year.

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

(₹ in lacs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Closing balance				
Finished Goods	17,094.79		13,547.17	
Stock in trade	1,503.75		1,897.68	
Work in Progress	3,686.89	22,285.43	7,619.06	23,063.91
Opening balance				
Finished Goods	13,547.17		11,518.22	
Stock in trade	1,897.68		1,708.94	
Work in Progress	7,619.06	23,063.91	5,747.72	18,974.88
TOTAL		**778.48**		**(4,089.03)**

Notes to the Financial Statements

for the year ended March 31, 2018

21 EMPLOYEE BENEFIT EXPENSE

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	21,100.89	18,952.40
Contribution to provident & other funds	841.35	788.45
Gratuity (Refer Note 29)	898.22	260.73
Long term compensated absences	129.32	477.76
Employees Welfare Expenses	861.50	715.36
Expense on Employee Stock Option Scheme (Refer Note 30)	165.96	843.06
TOTAL *	**23,997.24**	**22,037.76**

* Net of amount of ₹ 936.38 lacs (March 31, 2017 ₹ 811.80 lacs) which has been transferred to Capital work in progress during the year.

22 OTHER EXPENSES

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Power, Fuel & Water	7,511.73	6,886.17
Consumption of stores & spares	2,122.00	2,810.47
Repairs & Maintenance		
- Buildings	532.95	157.40
- Plant and machinery	1,547.34	319.36
- Others	1,036.17	942.22
Environment & Pollution Control expenses	3,496.80	4,395.21
Laboratory & Testing Charges	2,240.01	1,512.94
Freight & Cartage	3,209.27	2,824.57
Advertisement & Sales Promotion	3,668.47	3,941.40
Travelling and conveyance #	3,778.09	3,349.94
Rental charges (Refer note 31 (c))	1,497.27	1,210.94
Rates and taxes	365.95	552.15
Insurance	435.70	333.84
Donation	344.20	69.55
Loss on Sale/Retirement of property, plant and equipment (Net)	53.27	23.71
Payment to auditors (Refer Note 22(a) below)	50.32	42.40
Telephone and communication charges	441.88	486.76
Provision for Bad and Doubtful debts & Advances	691.98	349.56
Director sitting fees and commission	149.62	117.32
Legal & professional fees	1,717.38	1,752.45
Bank charges	198.86	155.88
Corporate social responsibility expenditure (Refer Note 23 below)	858.00	695.00
Miscellaneous Expenses	1,655.16	1,318.16
TOTAL*	**37,602.42**	**34,247.40**

a. Auditors' Remuneration

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
- Audit Fees	33.50	27.00
- Limited Review Fees	10.50	10.50
- Certificates & other matters	3.32	2.34
- Reimbursement of expenses	3.00	2.56
TOTAL	**50.32**	**42.40**

* Includes donation paid to political parties amounting to ₹ 290 lacs (march 31, 2017 ₹ Nil). This includes donation paid to Bhartiya Janta Party amounting to ₹ 240 lacs and indian National Congress Party amounting to ₹ 50 lacs.

* Net of amount of ₹ 24.78 lacs (March 31, 2017 ₹ 463.96 lacs) which has been transferred to Capital work in progress during the year.

Includes lease rental for vehicles on operating lease amounting to ₹ 927.94 (March 31, 2017 ₹ 776.00). Refer note 31 (c).

Notes to the Financial Statements

for the year ended March 31, 2018

23 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Contribution to PI Foundation Trust for CSR activities	858.00	695.00
Amount required to be spent by the Company during the year as per Section 135 of the Act	858.00	695.00
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	858.00	695.00

24 DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of Property, Plant and Equipment (Refer Note 4)	8,060.16	7,121.54
Amortization of Intangible Assets (Refer Note 5)	196.86	145.91
TOTAL	**8,257.02**	**7,267.45**

25 FINANCE COSTS

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on financial liabilities measured at amortised cost	556.80	680.37
Other borrowing costs	31.16	39.47
TOTAL	**587.96**	**719.84**

26 INCOME TAX EXPENSE

a) Income tax recognised in Profit and Loss

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax expense		
Current tax on profits for the year	10,037.77	10,689.87
Adjustment of current tax for prior year periods	(82.90)	(447.06)
Total Current tax expense	**9,954.87**	**10,242.81**
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	888.79	2,803.37
Decrease / (Increase) in Deferred tax assets	(1,138.46)	(8,135.33)
Net Deferred tax expense	**(249.67)**	**(5,331.96)**
Total Income tax expense	**9,705.20**	**4,910.85**

b) Deferred tax related to items recognised in OCI during the year

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Remeasurement of defined benefit plans	59.79	(232.77)
Effective portion on cash flow hedges	(453.80)	493.81
Income tax charged to OCI	**(394.01)**	**261.04**

Notes to the Financial Statements

for the year ended March 31, 2018

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

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Accounting profit before tax	46,359.31	50,647.37
Tax at India's statutory income tax rate @ 34.608%	**16,044.03**	**17,528.04**
Adjustment in respect of current income tax of previous years	(82.90)	(447.06)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	10.27	-
Effect of concessions (expenditure on new plant and machinery)	-	(273.58)
Effect of concessions (expenditure on research and development)	(1,206.83)	(2,425.79)
Effect of income that is exempt from taxation (operations in tax free zone)	(5,127.61)	(9,809.02)
Effect of amounts which are not deductible in calculating taxable income	68.24	338.26
Income Tax Expense **TOTAL**	**9,705.20**	**4,910.85**

27 RESEARCH & DEVELOPMENT EXPENSES

Details of Expenditure on Research & Development Facilities/ division of the Company recognised by Department of Scientific & Industrial Research.

a) Revenue Expenditure

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Other Income	22.82	3.71
TOTAL	**22.82**	**3.71**
Employee Benefit Expenses		
Salaries, Wages & Bonus	2,308.50	1,646.59
Contributions to Provident & other funds	159.25	114.14
Employee Welfare Expenses	71.53	33.00
TOTAL	**2,539.28**	**1,793.73**
Raw & Packing Materials Consumed	**976.95**	**366.26**
Other Expenses		
Laboratory & testing Material	560.83	410.06
Power, Fuel & Water	411.45	217.29
Consumption of stores & spares	467.98	353.47
Testing & analysis	54.18	14.96
Travelling & conveyance	132.69	94.64
Rates and taxes	2.67	1.21
Printing & Stationery	2.52	3.98
Bank Charges	0.12	0.07
Legal & professional fees	169.03	6.28
Miscellaneous Expenses	342.52	203.40
TOTAL	**2,143.99**	**1,305.36**
Depreciation		
Depreciation	901.92	525.74
TOTAL	**6,562.14**	**3,991.09**
Total Expenditure Allowed	**6,539.32**	**3,987.38**

b) Capital Expenditure

(₹ in lacs)

Description	Additions during Year ended March 31, 2018	Additions during Year ended March 31, 2017
Buildings	257.70	1,454.95
Equipments & Others	1,407.57	3,849.23
TOTAL	**1,665.27**	**5,304.18**

Notes to the Financial Statements

for the year ended March 31, 2018

28 EARNINGS PER SHARE

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
a)	Net Profit for Basic & Diluted EPS	**36,654.11**	**45,736.52**
b)	Number of Equity Shares at the beginning of the year	137,586,624	137,127,222
	Add: Issue of Shares under ESOP	320,694	459,402
	Total Number of Shares outstanding at the end of the year	**137,907,318**	**137,586,624**
	Weighted Average number of Equity Shares outstanding during the year - Basic	**137,705,237**	**137,326,086**
	Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	374,621	941,359
	Weighted Average number of Equity Shares outstanding during the year - Diluted	**138,079,858**	**138,267,445**
	Earning Per Share - Basic (₹)	26.62	33.31
	Earning per share - Diluted (₹)	26.55	33.08
	Face value per share (₹)	1.00	1.00

29 EMPLOYEE BENEFITS

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

Provident fund

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

Gratuity Plan

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

Long term compensated absences

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

a) Defined Contribution Plans:-

The Company has recognised an expense of ₹ 841.35 lacs (Previous Year ₹ 788.45 lacs) towards the defined contribution plan.

Notes to the Financial Statements

for the year ended March 31, 2018

b) **Defined benefits plans - as per actuarial valuation**

(₹ in lacs)

		Year ended March 31, 2018 Gratuity Funded	Year ended March 31, 2017 Gratuity Funded
I	**Change in present value of obligation during the year**		
	Present value of obligation at the beginning of the year	1,613.21	1,113.92
	Total amount included in profit and loss *:		
	- Current Service Cost	244.23	227.71
	- Interest Cost	120.99	89.11
	- Past Service Cost	571.26	-
	Total amount included in OCI:		
	Remeasurement related to gratuity:		
	Actuarial losses/(gains) arising from:		
	- Demographic Assumption	0.48	(4.44)
	- Financial assumption	(42.56)	263.51
	- Experience Judgement	(131.98)	434.45
	Others		
	Benefits Paid	(141.88)	(511.05)
	Present Value of obligation as at year-end	**2,233.75**	**1,613.21**

* Includes expenses reclassified to capital work in progress ₹ 15.88 lacs (March 31, 2017 ₹ 99.66 lacs)

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
II	**Change in Fair Value of Plan Assets during the year**		
	Plan assets at the beginning of the year	298.42	544.68
	Included in profit and loss:		
	Expected return on plan assets	22.37	43.57
	Included in OCI:		
	Actuarial Gain/(Loss) on plan assets	(1.29)	20.92
	Others:		
	Employer's contribution	700.00	199.97
	Benefits paid	(141.88)	(510.72)
	Plan assets at the end of the year	**877.62**	**298.42**

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd., whose pattern of investment is not available with the Company.

Notes to the Financial Statements

for the year ended March 31, 2018

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

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
		Gratuity Funded	Gratuity Funded
1	Present Value of obligation as at year-end	2,233.75	1,613.21
2	Fair value of plan assets at year -end	877.62	298.42
3	Funded status {Surplus/(Deficit)}	(1,356.13)	(1,314.79)
	Net Asset/(Liability)	**(1,356.13)**	**(1,314.79)**

IV Bifurcation of PBO at the end of the year

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
		Gratuity Funded	Gratuity Funded
1	Current Liability	-	-
2	Non-Current Liability	1,356.13	1,314.79

V Actuarial Assumptions

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
		Gratuity Funded	Gratuity Funded
1	Discount Rate	7.71%	7.50%
2	Expected rate of return on plan assets	7.50%	7.50%
3	Mortality Table	IALM (2006-08)	IALM (2006-08)
4	Salary Escalation	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 429.23 lacs.

VII Sensitivity Analysis

(₹ in lacs)

Gratuity	Year ended March 31, 2018	Year ended March 31, 2017
	Increase	Increase
Discount rate (0.50 % movement)	(96.56)	(74.33)
Future salary growth (0.50 % movement)	103.51	79.89

Notes to the Financial Statements

for the year ended March 31, 2018

VIII Maturity Profile of Defined Benefit Obligation

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
	Gratuity Funded	Gratuity Funded
Within the next 12 months	122.98	67.07
Between 2-5 years	416.77	246.36
Beyond 5 years	1,694.01	1,299.78

IX Description of Risk Exposures:

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

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

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

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

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

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

C) Long term compensated absences

The provision for long term compensated absences covers the Company's liability for earned and sick leave, the amount of provision recognised is ₹ 1,033.73 lacs (March 31, 2017 ₹ 1,021.88 lacs).

30 SHARE BASED PAYMENTS

Employee Stock Option Plan

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

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

Key terms of the scheme

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

Inspired by Science

Notes to the Financial Statements

for the year ended March 31, 2018

I. Option Movement during the year ended Mar 2018

	March 31, 2018		March 31, 2017	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	1,360,078	447.36	1,559,507	243.69
Options Granted during the year	-	-	457,864	744.00
Options Forfeited / Surrendered during the year	438,658	510.91	154,116	203.31
Total number of shares arising as a result of exercise of options	233,496	194.84	503,177	160.79
Money realised by exercise of options (₹ lacs)	454.95	NA	809.06	NA
Number of options Outstanding at the end of the year	687,924	492.55	1,360,078	447.36
Number of Options exercisable at the end of the year	266,748	255.81	191,883	139.83

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2018		March 31, 2017	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	72,454	1.66	84,884	2.58
75 to 150	108,893	5.22	397,689	6.14
150 to 450	91,839	6.21	181,154	6.91
450 to 750	414,738	6.62	696,351	7.45

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

(in ₹)

	March 31, 2018	March 31, 2017
Exercise price is less than market price (in ₹)	NA	435.15

IV. The weighted average market price of options exercised during the year ended March 31, 2018 is ₹ 882.59 (March 31, 2017 is ₹ 832.44).

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

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

The Assumptions used in the model are as follows:

Variables	March 31, 2018	March 31, 2017
	Weighted Average	Weighted Average
1. Risk Free Interest Rate	NA	6.67% to 6.89%
2. Expected Life(in years)	NA	4 to 7 years
3. Expected Volatility	NA	39.02% to 40.52%
4. Dividend Yield	NA	0.37%
5. Exercise Price (in ₹)	NA	744.00
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	845.40

* No options granted during the year ended March 31, 2018.

Notes to the Financial Statements

for the year ended March 31, 2018

VI. Assumptions:

1 Stock Price: Closing price on National Stock Exchange on the date of grant has been considered

2 Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

3 Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities

4 Exercise Price: Exercise Price of each specific grant has been considered.

5 Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

6 Expected divided yield: Expected dividend yield has been calculated based on the dividend declared prior to the date of grant.

(₹ in lacs)

VII.		March 31, 2018	March 31, 2017
	Employee Option plan expense	165.96	843.06
	Total liability at the end of the period	1,022.32	1,413.19

31 CAPITAL & OTHER COMMITMENT

(₹ in lacs)

Particulars		March 31, 2018	March 31, 2017
a.	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 3,260.05 lacs (March 31, 2017 : ₹ 2,329.15 lacs)}	1,620.81	-
b.	Export Commitment	34,037.46	33,225.53
c.	Leases		

Operating lease commitments - As lessee

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
- Payable within one year	1,473.54	1,266.09
- Later than one year and not later than five years	1,848.26	2,414.58
- Later than five years	-	165.10
- Lease payments recognised in Statement of Profit and Loss (Refer note 22)	2,425.21	1,986.94

Finance lease commitments - As lessee

The Company has entered into finance lease for land in Panoli and Jambusar (Gujarat). Future minimum lease payments under finance leases for all the land is ₹ 225 per annum. For land in Panoli company has a renewal option for further 2 periods with 100% increase in lease rentals and for land in Jambusar company has a renewal option upon expiry as may be agreed between the parties or as may be determined by Development Committee from time to time. The amount of minimum lease payments and their present value is not material.

32 CONTINGENT LIABILITIES

(₹ in lacs)

		March 31, 2018	March 31, 2017
a.	Claims against the company not acknowledged as debt;*		
	- Sales Tax including Goods and Service Tax	493.20	373.96
	- Excise Duty	255.49	262.96
	- Income Tax	780.22	1469.69
	- ESI	6.09	6.09
	- Other matters, including claims relating to customers, labour and third parties etc.	274.80	138.11
b.	Guarantees excluding financial guarantees;		
	- Performance bank guarantees	2,116.90	1,854.07
c.	Other money for which the Company is contingently liable		
	- Letter of Credit	9,843.94	4,152.52

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

Notes to the Financial Statements

for the year ended March 31, 2018

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

33 OPERATING SEGMENT

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

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

I Revenue

A. Information about product revenues:

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
Active Ingredients and Intermediates	146,869.81	147,203.32
Formulations	82,858.57	90,323.26
Others	1,143.33	767.19
TOTAL	**230,871.71**	**238,293.77**

B. Geographical Areas

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
India	85,340.30	94,444.80
Asia (other than India)	86,827.91	70,026.15
North America	31,908.72	54,064.40
Australia	-	2,788.16
Europe	19,108.30	12,679.19
Rest of the World	7,686.48	4,291.07
TOTAL	**230,871.71**	**238,293.77**

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
India	112,425.55	105,182.35
Asia (other than India)	11.46	-
Europe	28.77	37.29
TOTAL	**112,465.78**	**105,219.64**

34 RELATED PARTY DISCLOSURES

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

a) Nature of Related Party relationship

i Subsidiaries, Associates and Controlled Trust:

(a) PILL Finance and Investment Ltd. Subsidiary

(b) PI Life Science Research Ltd. Subsidiary

(c) PI Japan Co.Ltd. Foreign Subsidiary

(d) Solinnos Agro Sciences Pvt. Ltd. Associate

Notes to the Financial Statements

for the year ended March 31, 2018

(e) PI Kumiai Pvt. Ltd. Joint Venture

(f) PII ESOP Trust Controlled Trust

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

(a) Key Management Personnel

Mr. Salil Singhal	Chairman & Managing Director (till August 21, 2016)
Mr. Mayank Singhal	Managing Director & CEO
Mr. Rajnish Sarna	Whole-Time Director
Mr. Narayan K. Seshadri	Non-executive Director (Chairman w.e.f. October 5, 2016)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (w.e.f. May 24, 2016)
Mr. Arvind Singhal	Non-executive Director (w.e.f. October 5, 2016)
Mr. Anurag Surana	Non-executive Director (till May 11, 2016)
Dr. Venkatrao S. Sohoni	Non-executive Director (till September 14, 2016)
Dr. Tanjore Soundararajan Balganesh	Non-executive Director (w.e.f. May 16, 2017)

(b) Relatives of Key Management Personnel

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

iii Entities controlled by KMP with whom transactions have taken place:

(a) PI Foundation

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

(₹ in lacs)

Nature of Transaction	Type of relation	2017-18		2016-17	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Compensation to KMP	a(ii)(a)				
- Short term employee benefits		1,294.53		1,504.28	
- Post employment benefits*		48.94		495.69	
- Commission and other benefits to non-executive independent directors		134.18		116.66	
Total		**1,477.65**	**(795.82)**	**2,116.63**	**(818.19)**
Other Transactions					
Purchase of services	a(i)(b)	337.02	(112.88)	326.12	-
	a(i)(c)	493.59	(89.30)	367.85	(29.04)
	a(ii)(b)	130.32	-	-	-
Sales of services	a(i)(d)	60.00	61.95	8.33	9.58
Rent and Power Cost received	a(i)(b)	57.82	-	53.90	-
Rent and Power Cost received	a(i)(d)	2.55	-	-	-
Rent and Power Cost paid	a(i)(a)	0.54	-	0.54	-
Rent and Power Cost paid	a(ii)(b)	22.25	-	18.38	-
Security Deposits	a(i)(a)	-	0.50	-	0.50

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

Nature of Transaction	Type of relation	2017-18		2016-17	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Loans Given	a(i)(f)	900.00	910.05	525.00	310.05
Loans Received	a(i)(f)	300.00	-	649.02	-
Interest	a(i)(f)	-	-	44.87	44.87
Travel & Other expenditure incurred	a(ii)(a)	324.14	5.14	318.85	32.38
	a(ii)(b)	26.65	2.45	37.52	(0.29)
Dividends paid	a(ii)(a), a(ii)b, a(i)f	1,079.23	-	2,879.94	-
Salary	a(ii)(b)	0.40	-	1.44	(0.24)
Recovery of Dues on account of expenses incurred	a(ii)(b)	-	-	0.15	0.15
Contribution towards CSR Activities	a(iii)	858.00	-	695.00	-
Donation	a(iii)	42.00	-	50.00	-

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

(₹ in lacs)

	March 31, 2018		March 31, 2017	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	474.90	-	486.79	-
Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	364.75	3.87	69.60	0.98
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-	-
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	-	-	-	-

Notes to the Financial Statements

for the year ended March 31, 2018

36 FINANCIAL INSTRUMENTS

Financial instruments – Fair values and risk management

A. Financial instruments by category

(₹ in lacs)

	Notes	March 31, 2018			March 31, 2017		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets							
Non-current Assets*							
Loans	7(c)	-	-	739.39	-	-	266.36
Derivative financial instruments designated as hedges	7(g)	-	98.12	-	-	-	-
Other financial asset	7(g)	-	-	318.58	-	-	257.36
Current Assets							
Investments	7(b)	15,950.32	-	-	8,243.11	-	-
Trade receivables	7(d)	-	-	52,675.17	-	-	42,371.16
Cash and cash equivalents	7(e)	-	-	11,520.65	-	-	8,277.14
Bank balance other than cash and cash equivalents	7(f)	-	-	521.56	-	-	3,842.89
Loans and advances	7(c)	-	-	779.25	-	-	889.39
Derivative financial instruments designated as hedges	7(g)	-	1,016.38	-	-	2,985.00	-
Other financial assets	7(g)	-	-	884.09	-	-	989.31
TOTAL		**15,950.32**	**1,114.50**	**67,438.69**	**8,243.11**	**2,985.00**	**56,893.61**
Financial Liabilities							
Non-current Liabilities							
Borrowings	14(a)	-	-	4,633.33	-	-	8,296.73
Other financial liabilities	14(c)	-	-	1,831.72	-	-	1,719.13
Current Liabilities							
Trade payables	14(b)	-	-	37,034.69	-	-	28,806.91
Other financial liabilities	14(c)	-	-	21,396.61	-	-	22,252.39
TOTAL		**-**	**-**	**64,896.35**	**-**	**-**	**61,075.16**

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

B. Fair value hierarchy

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

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

(₹ in lacs)

	Notes	March 31, 2018			March 31, 2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Investment in mutual funds	7(b)	15,950.32	-	-	8,243.11	-	-
Derivative financial instruments designated as hedges	7(g)	-	1,114.50	-	-	2,985.00	-
		15,950.32	**1,114.50**	**-**	**8,243.11**	**2,985.00**	**-**

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

(₹ in lacs)

		March 31, 2018			March 31, 2017		
	Notes	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	232.70	-	-	178.95
Loans and advances to related parties (PII ESOP Trust)	7(c)	-	-	784.39	-	-	-
		-	**-**	**1,017.09**	**-**	**-**	**178.95**
Financial liabilities							
Security deposits from contractors	14(c)	-	-	39.04	-	-	42.83
		-	**-**	**39.04**	**-**	**-**	**42.83**

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

Fair value hierarchy

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

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

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

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

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

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

37. FINANCIAL RISK MANAGEMENT

Risk management framework

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

Notes to the Financial Statements

for the year ended March 31, 2018

oversees how management monitors compliance with the financial risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Company.

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

i. Credit risk

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

Trade and other receivables

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

The Company has established a credit policy under which each customer is analysed individually for creditworthiness before the Company's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority.

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

The Company computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Company uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward looking information.

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

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
Opening balance	2,135.11	1,797.15
Changes in loss allowance	591.06	337.96
Closing balance	**2,726.17**	**2,135.11**

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

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

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

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

Derivatives

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

Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognized represent the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2018 and March 31, 2017 was as follows:

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

Trade receivables	March 31, 2018	March 31, 2017
Trade receivables	52,675.17	42,371.16
Cash and cash equivalents	11,520.65	8,277.14
Bank balances other than above	521.56	3,842.89
Loans	1,518.64	1,155.75
Other financial assets	2,317.17	4,231.67
TOTAL	**68,553.19**	**59,878.61**

ii. Liquidity risk

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

Management monitors rolling forecast of Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
Expiring within one year		
- Fund based (Floating rate)	18,500.00	18,499.80
- Non fund based (Fixed rate)	**8,539.00**	**17,124.00**

(b) Maturities of financial liabilities

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

(₹ in lacs)

March 31, 2018	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	8,379.64	931.07	2,793.21	3,724.29	931.07	-
Interest Accrue not due on Borrowings	24.27	24.27	-	-	-	-
Trade Payables (Due to micro and small enterprises)	474.90	474.90	-	-	-	-
Trade Payables (Other Trade Payables)	36,559.79	33,152.26	3,407.53	-	-	-
Employee payables	4,855.01	2,522.89	2,332.12	-	-	-
Security Deposits from Dealers	1,816.72	-	-	-	-	1,816.72
Security Deposits from Contractors	40.50	10.00	15.50	8.00	5.00	2.00
Unclaimed Dividends	58.63	58.63	-	-	-	-
Creditors for Capital Purchases	2,386.73	2,385.00	1.73	-	-	-
Other Payable	10,341.28	2,010.39	8,330.89	-	-	-
TOTAL	**64,937.47**	**41,569.41**	**16,880.98**	**3,732.29**	**936.07**	**1,818.72**

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

March 31, 2017	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	12,043.57	926.43	2,779.29	3,705.71	4,632.14	-
Interest Accrue not due on Borrowings	27.29	27.29	-	-	-	-
Trade Payables (Due to micro and small enterprises)	486.79	486.79	-	-	-	-
Trade Payables (Other Trade Payables)	28,320.12	24,155.21	4,164.91	-	-	-
Employee payables	4,039.21	2,032.81	2,006.40	-	-	-
Security Deposits from Dealers	1,701.63	-	-	-	-	1,701.63
Security Deposits from Contractors	44.75	16.25	11.00	14.50	1.00	2.00
Unclaimed Dividends	44.69	44.69	-	-	-	-
Creditors for Capital Purchases	3,553.79	3,553.40	0.39	-	-	-
Other Payable	10,873.55	2,533.67	8,339.88	-	-	-
TOTAL	**61,135.39**	**33,776.54**	**17,301.87**	**3,720.21**	**4,633.14**	**1,703.63**

iii. **Market risk**

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

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

Foreign Currency risk

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

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

The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales transaction, therefore the hedge ratio is 1:1. The Company's hedge policy allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective assessments to ensure that an economic relationship exists between the hedged item and the hedged instrument. The Company enters into hedge instruments where the critical terms of hedging instrument are aligned with terms of the hedged item. Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the value of the hedging instruments exceeds on an absolute basis the change in the value of the hedged item attributable to the hedged risk. Hedge ineffectiveness may arise due to the following:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 expressed in Indian Rupees (₹) are as below:

Non derivative

(₹ in lacs)

	March 31, 2018			
	USD	EURO	JPY	GBP
Financial assets				
Cash and cash equivalents (EEFC Account)	108.66	-	-	-
Trade receivables	29,281.17	1,116.87	252.14	-
	29,389.83	**1,116.87**	**252.14**	**-**
Financial liabilities				
Borrowings (Term Loan)	8,379.64	-	-	-
Trade payables	7,453.65	-	89.30	2.83
	15,833.29	**-**	**89.30**	**2.83**

(₹ in lacs)

	March 31, 2017			
	USD	EURO	JPY	GBP
Financial assets				
Cash and cash equivalents (EEFC Account)	10.09	-	-	-
Trade receivables	21,119.70	1,007.98	20.30	-
	21,129.79	**1,007.98**	**20.30**	**-**
Financial liabilities				
Borrowings (Term Loan)	12,043.57	-	-	-
Trade payables	8,823.49	19.07	29.04	0.63
	20,867.06	**19.07**	**29.04**	**0.63**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Impact of hedging, if any has not been considered here. A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

(₹ in lacs)

Effect in INR	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2018				
1% movement				
USD	88.65	(88.65)	-	-
EUR	7.30	(7.30)	-	-
JPY (100)	106.48	(106.48)	-	-
GBP	(0.02)	0.02	-	-
TOTAL	**202.41**	**(202.41)**	**-**	**-**

Notes to the Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

Effect in INR	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2017				
1% movement				
USD	1.72	(1.72)	-	-
EUR	6.47	(6.47)	-	-
JPY (100)	(5.71)	5.71	-	-
TOTAL	**2.48**	**(2.48)**	**-**	**-**

Interest rate risk

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

Exposure to interest rate risk

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
Fixed-rate instruments		
Financial assets	11,295.20	12,420.85
Variable-rate instruments		
Financial liabilities	8,338.52	11,983.34
TOTAL	**19,633.72**	**24,404.19**

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

(₹ in lacs)

	Profit or loss		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2018				
Variable-rate instruments	(27.40)	27.40	-	-
Cash flow sensitivity (net)	**(27.40)**	**27.40**	**-**	**-**
March 31, 2017				
Variable-rate instruments	(39.38)	39.38	-	-
Cash flow sensitivity (net)	**(39.38)**	**39.38**	**-**	**-**

iv) Price risk

The Company's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Company reviews these mutual fund investments based on safety, liquidity and yield on regular basis.

v) **Impact of Hedging activities**

(a) Disclosure of hedge accounting on financial position

March 31, 2018						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹ in lacs)**	**Carrying value of hedging instrument * (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	121.00	98,866.36	1,114.50	April 2017 - March 2021	1:1	US$1: INR 67.94
March 31, 2017						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹ in lacs)**	**Carrying value of hedging instrument * (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	67.00	53,292.60	2,985.00	April 2017 - February 2018	1:1	US$1: INR 70.11

* Refer Note No. 7(g)

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

(₹ in lacs)

March 31, 2018				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and (loss)**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	2,428.71	-	3,739.97	Revenue

(₹ in lacs)

March 31, 2017				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and (loss)**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	3,401.26	-	1,974.40	Revenue

Notes to the Financial Statements

for the year ended March 31, 2018

(c) Movement in the cash flow hedge reserve

(₹ in lacs)

Effective portion of Cash flow Hedges	Amount
As at April 01, 2016	**420.50**
Add: Effective portion of gains/(losses) on cash flow hedges	3,401.26
Less: Amount reclassified to profit and loss account	1,974.40
Less: Deferred tax relating to above	493.81
As at March 31, 2017	**1,353.55**
Add: Effective portion of gains/(losses) on cash flow hedges	2,428.71
Less: Amount reclassified to profit and loss account	3,739.97
Less: Deferred tax relating to above	(453.80)
As at March 31, 2018	**496.09**

(d) Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2018				
1% movement				
USD	-	-	646.51	(646.51)
March 31, 2017				
1% movement				
USD	-	-	348.49	(348.49)

38 CAPITAL MANAGEMENT

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

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

(₹ in lacs)

		As at March 31, 2018	As at March 31, 2017
Borrowings (Non-current)		4,633.33	8,296.73
Borrowings (Current)		3,705.19	3,686.61
Total Debt	A	8,338.52	11,983.34
Total Equity	B	191,222.12	160,886.73
Debt to Equity ratio	A/B	0.04	0.07

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

Also refer note 13 relating to details on dividend declared and distributed.

39 EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on May 15, 2018 have recommended final dividend for the year ended March 31, 2018 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 13(B) for details.

40 ASSETS PLEDGED AS SECURITY

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

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
First charge		
Property, plant and equipment	95,608.48	90,964.26
Floating charge		
Trade Receivables	52,675.17	42,371.16
Inventories	45,200.51	43,194.58
TOTAL	**193,484.16**	**176,530.00**

41 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers', and consequential amendments to other Ind AS. The amendments are applicable to the Company from April 01, 2018. The Company is currently evaluating the impact of the new standard.

This is the notes to accounts referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Independent Auditors' Report

To

The Members of

PI Industries Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of PI Industries Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint venture and associate company; (refer Note 3(t) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associate and joint venture in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and joint venture respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the financial statements of 2 subsidiaries whose financial statements reflect total assets of Rs 2,089.25 Lacs and net assets of Rs 2,038.38 Lacs as at March 31, 2018, total revenue of Rs. 337.02 Lacs, total comprehensive income (comprising of profit and other comprehensive income) of Rs 176.15 Lacs and net cash outflows amounting to Rs 75.97 Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income (comprising of profit/loss and other comprehensive income) of Rs. 14.87 Lacs and Rs. (0.10) Lacs for the year ended March 31, 2018 as considered in the consolidated Ind AS financial statements, in respect of 1 associate company and 1 joint venture respectively, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on the reports of the other auditors.

9. We did not audit the financial statements of 1 subsidiary whose financial statements reflect total assets of Rs 177.58 Lacs and net assets of Rs 147.73 Lacs as at March 31, 2018, total revenue of Rs. 490.90 Lacs, total comprehensive income (comprising of profit and other comprehensive income) of Rs 18.01 Lacs and net cash outflows amounting to Rs 24.89 Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

10. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 16, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section143(3) of the Act, we report, to the extent applicable, that:

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

    (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, associate company and joint venture incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, associate company and joint venture incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

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

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate company and joint venture incorporated in India, none of the directors of the Group companies, its associate company and joint venture incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

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

        With respect to the adequacy of the internal financial controls with reference to financial statements of the associate and joint venture incorporated in India and the operating effectiveness of such controls, the reporting is not applicable for the associate company and jointly controlled entity, on the basis of the auditors report of the statutory auditors, vide their reports dated May 12, 2018.

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

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group, its associate and joint venture – Refer Note 15(c), 16, 18 and 33 to the consolidated Ind AS financial statements.

ii. The Group, its associate and joint venture had long-term contracts including derivative contracts as at March 31, 2018 for which there were no material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate company and joint venture incorporated in India during the year ended March 31, 2018.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place of Signature: Gurugram
Date: May 15, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of PI Industries Limited on the consolidated financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of PI Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is not applicable to an associate and a jointly controlled entity incorporated in India namely Solinnos Agro Sciences Private Limited and PI Kumiai Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India,

have, 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, 2018, 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.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountant LLP**
Firm Registration Number: FRN 012754N/N500016
Chartered Accountants

Ashok Narayanaswamy
Partner
Membership Number: 095665

Place of Signature: Gurugram
Date: May 15, 2018

Inspired by Science

Consolidated Balance Sheet

as at March 31, 2018

(₹ in lacs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	99,055.05	93,760.23
Capital work-in-progress		6,912.14	5,834.66
Other intangible assets	5	712.30	740.58
Intangible asset under development	6	2,076.33	1,897.18
Investments accounted for using the equity method	8	61.96	42.20
Financial assets			
(i) Investments	7(a)	53.07	44.01
(ii) Loans	7(c)	391.33	281.45
(iii) Other financial assets	7(g)	626.50	560.25
Deferred tax assets	17	2,673.88	1,981.46
Other non-current assets	10	3,902.85	3,207.08
Total non-current assets		**116,465.41**	**108,349.10**
Current asset			
Inventories	9	45,200.51	43,194.58
Financial assets			
(i) Investments	7(b)	15,950.32	8,243.11
(ii) Trade receivables	7(d)	52,675.17	42,371.16
(iii) Cash and cash equivalents	7(e)	11,724.98	8,443.69
(iv) Bank balances other than (iii) above	7(f)	1,343.71	4,820.20
(v) Loans	7(c)	366.28	901.71
(vi) Other financial assets	7(g)	2,328.84	3,974.31
Current tax assets	11	35.14	492.00
Other current assets	10	16,551.41	9,350.29
Total current assets		**146,176.36**	**121,791.05**
Total assets		**262,641.77**	**230,140.15**
EQUITY & LIABILITIES			
Equity			
Equity share capital	12	1,379.07	1,375.87
Other equity	13	191,104.49	161,341.98
Total equity		**192,483.56**	**162,717.85**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	15(a)	4,633.33	8,296.73
(ii) Other financial liabilities	15(c)	1,831.72	1,719.13
Provisions	16	2,330.36	2,272.30
Total non-current liabilities		**8,795.41**	**12,288.16**
Current liabilities			
Financial liabilities			
(i) Trade payables	15(b)	36,866.26	28,778.51
(ii) Other financial liabilities	15(c)	21,435.93	22,279.57
Other current liabilities	18	1,987.27	3,191.58
Provisions	16	1,073.34	884.48
Total current liabilities		**61,362.80**	**55,134.14**
Total liabilities		**70,158.21**	**67,422.30**
Total equity and liabilities		**262,641.77**	**230,140.15**
Notes to accounts	1 to 43		

The accompanying notes referred to above form an integral part of the consolidated financial statements

This is the consolidated balance sheet referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Consolidated Profit & Loss

for the year ended March 31, 2018

(₹ in lacs)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	19	230,871.71	238,330.87
Other income	20	6,024.89	3,661.58
Total income		**236,896.60**	**241,992.45**
Expenses:			
Cost of materials consumed		108,367.51	112,975.27
Purchase of stock in trade		7,756.61	7,431.93
Changes in Inventories of finished goods, work in progress and stock in trade	21	778.48	(4,089.03)
Excise duty on sale of goods		3,163.21	10,647.91
Employee benefit expense	22	24,316.91	22,261.66
Finance cost	26	531.69	720.54
Depreciation and amortisation expense	25	8,295.17	7,304.07
Other expense	23	37,152.74	33,777.23
Total expenses		**190,362.32**	**191,029.58**
Share of profit and (loss) of associate and joint venture accounted for using the equity method		14.76	(9.25)
Profit before tax		**46,549.04**	**50,953.62**
Income tax expense			
- Current tax		(10,005.00)	(10,346.00)
- Deferred tax		219.17	5,336.50
Total tax expense		**(9,785.83)**	**(5,009.50)**
Profit for the year		**36,763.21**	**45,944.12**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		172.91	(672.86)
Income tax relating to above items		(59.83)	232.86
(ii) Items that will be reclassified to profit or loss			
Effective portion of cash flow hedge reserve		(1,311.26)	1,426.86
Exchange difference on translation of foreign operations		8.38	(2.75)
Income tax relating to above items		450.90	(492.85)
Total comprehensive income for the year		**36,024.31**	**46,435.38**
Earnings per equity share	29		
1) Basic (in ₹)		26.72	33.46
2) Diluted (in ₹)		26.67	33.23
Face value per share (in ₹)		1.00	1.00
Notes to Accounts	1 to 43		

The accompanying notes referred to above form an integral part of the consolidated financial statements

This is the consolidated statement of profit and loss referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Changes in Consolidated Equity

for the year ended March 31, 2018

a. Equity share capital

(₹ in lacs)

Particulars	Notes	As at March 31, 2018		As at March 31, 2017	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period Balance		137,586,624	1,375.87	137,127,222	1,371.27
Changes in equity share capital during the year	12	320,694	3.20	459,402	4.60
Balance at the end of the reporting period		**137,907,318**	**1,379.07**	**137,586,624**	**1,375.87**

b. Other equity

(₹ in lacs)

Particulars	Notes	Reserves & Surplus							Other reserve		
		Capital reserve	Capital redemption reserve	Securities premium account	Share options outstanding account	General reserve	Own shares held by Trust under ESOP scheme	Retained earnings	Effective portion of cash flow hedges	Foreign currency translation reserve	Total other equity
Balance as at April 01, 2016		148.88	35.00	17,740.31	1,097.30	13,992.72	-	82,278.17	420.50	8.23	**115,721.11**
Profit for the year		-	-	-	-	-		45,944.12	-	-	**45,944.12**
Other comprehensive income for the year		-	-	-	-	-		(440.00)	933.05	(1.80)	**491.25**
Total comprehensive income for the year		-	-	-	-	-	-	45,504.12	933.05	(1.80)	**46,435.37**
Issue of equity shares through ESOP	13 d.	-	-	1,353.55	-	-	-	-	-	-	**1,353.55**
Exercise of share options	13 d.	-	-	-	(527.17)	-	-	-	-	-	**(527.17)**
Share-based payments	13 d.	-	-	-	843.06	-	-	-	-	-	**843.06**
Dividends paid	13 f.	-	-	-	-	-	-	(2,063.80)	-	-	**(2,063.80)**
Dividend distribution tax (DDT)	13 f.	-	-	-	-	-	-	(420.14)	-	-	**(420.14)**
Transfer to general reserve	13 f.	-	-	-	-	4,573.66	-	(4,573.66)	-	-	**-**
Balance as at March 31, 2017		**148.88**	**35.00**	**19,093.86**	**1,413.19**	**18,566.38**	**-**	**120,724.69**	**1,353.55**	**6.43**	**161,341.98**
Profit for the year		-	-	-	-	-	-	36,763.21	-	-	**36,763.21**
Other comprehensive income for the year	13 h, i	-	-	-	-	-	-	113.08	(857.46)	5.48	**(738.90)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**36,876.29**	**(857.46)**	**5.48**	**36,024.31**
Issue of equity shares through ESOP	13 d.	-	-	1,437.27	-	-	-	-	-	-	**1,437.27**
Own shares held by ESOP Trust	13 i.	**-**	**-**	(1,140.21)	-	-	(5.05)	-	-	-	**(1,145.26)**
Exercise of share options	13 d.	-	-	452.62	(556.83)	-	2.33	-	-	-	**(101.88)**
Share-based payments	13 d.	-	-	-	165.96	-	-	-	-	-	**165.96**
Surplus / (deficit) from ESOP Trust	13 f.	-	-	-				-			**-**
Dividends paid	13 f.	-	-	-	-	-	-	(5,497.52)	-	-	**(5,497.52)**
Dividend distribution tax (DDT)	13 f.	-	-	-	-	-	-	(1,120.38)	-	-	**(1,120.38)**
Balance as at March 31, 2018		**148.88**	**35.00**	**19,843.54**	**1,022.32**	**18,566.38**	**(2.72)**	**150,983.08**	**496.09**	**11.91**	**191,104.49**

The accompanying notes referred to above form an integral part of the consolidated financial statements

This is the consolidated statement of changes in equity referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Consolidated Statement of Cash Flows

for the year ended March 31, 2018

(₹ in lacs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Income tax	**46,549.04**	**50,953.62**
Adjustments for:		
Depreciation and amortisation expense	8,295.17	7,304.07
Finance costs	531.69	720.54
Provision for bad and doubtful debts and advances	691.98	349.56
Interest income on financial assets at amortised cost	(2,663.86)	(1,565.19)
Unwinding of discount on security deposits	(19.79)	(14.06)
Dividend income	(0.29)	(0.35)
Expense on employee stock option scheme	165.96	843.06
(Gain)/loss on sale/retirement of property, plant and equipment (Net)	53.27	24.51
(Gain)/loss on sale of investments (Net)	(83.95)	(61.77)
(Gain)/ loss on financial assets measured at fair value through profit or loss (Net)	(716.31)	(254.80)
Share of (profit)/loss of associate and joint venture	(14.76)	9.25
Unrealised (gain)/ loss on foreign currency transactions (Net)	(785.63)	46.11
Operating profit before working capital changes	**52,002.52**	**58,354.55**
(Increase) / decrease in trade receivables	(9,033.34)	(3,905.22)
(Increase) / decrease in current financial assets - loans	555.23	(219.46)
(Increase) / decrease in non-current financial assets - loans	(109.88)	108.56
(Increase) / decrease in other current financial assets	(734.06)	(270.35)
(Increase) / decrease in other non-current financial assets	(117.86)	(18.17)
(Increase) / decrease in other current assets	(7,290.82)	(384.55)
(Increase) / decrease in other non-current assets	216.91	825.19
(Increase)/decrease in inventories	(2,005.93)	(3,714.23)
(Increase)/decrease in other bank balances	639.97	-
Increase / (decrease) in current provisions and trade payables	8,185.06	(8,409.89)
Increase / (decrease) in non- current provisions	58.06	1,109.64
Increase / (decrease) in other current financial liabilities	293.92	2,170.25
Increase / (decrease) in other non-current financial liabilities	112.59	19.17
Increase / (decrease) in other current liabilities	(1,204.31)	342.57
Cash generated from operations before tax	**41,568.06**	**46,008.06**
Income taxes paid	(9,630.32)	(12,123.54)
Net cash inflow/ (outflow) from operating activities	**31,937.74**	**33,884.52**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment including capital work in progress, intangible assets and capital advances	(16,970.01)	(14,188.41)
Proceeds from sale of property, plant and equipment	9.49	59.76
Investment in associate and joint venture	(5.00)	(51.45)
Purchase and sale of current investments	(3,746.80)	(10,899.80)
Interest received	2,663.86	1,565.19
Dividend received	0.29	0.35
Net cash used in investing activities	**(18,048.17)**	**(23,514.36)**
Net cash inflow/ (outflow) from operating and investing activities	**13,889.57**	**10,370.16**

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Consolidated Statement of Cash Flows

for the year ended March 31, 2018

(₹ in lacs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (net of own shares held by ESOP Trust)	0.48	4.60
Premium on issue of equity shares under ESOP scheme	192.85	826.38
Short term borrowings (Net)*	-	(246.09)
Repayment of non-current borrowings - term loan	(3,644.82)	(2,724.13)
Interest paid (Net)	(534.71)	(720.79)
Dividends paid (including tax)	(6,617.90)	(2,483.94)
Net cash inflow/ (outflow) from financing activities	**(10,604.10)**	**(5,343.97)**
Net cash inflow/ (outflow) from operating, investing and financing activities	**3,285.47**	**5,026.19**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(4.18)	-
Net increase/ (decrease) in cash and cash equivalents	**3,281.29**	**5,026.19**
Cash and cash equivalents at the beginning of the financial year	**8,443.69**	**3,417.50**
Cash and cash equivalents at the end of the year	**11,724.98**	**8,443.69**
Note: Cash and cash equivalents included in the cash flow statement comprise of the following (Refer Note 7 e)		
i) Cash on Hand	7.14	6.26
ii) Balance with Banks :		
- In Current Accounts	1,485.75	715.23
- In Fixed Deposits	10,232.09	7,722.20
Total	**11,724.98**	**8,443.69**

* Refer note 15 (a) c.

The above Cash Flow Statement has been prepared under the Indirect method as set out in IND AS - 7. Refer note 3 (o).

Figures in brackets indicate cash outflows.

This is the consolidated statement of cash flow referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 15, 2018

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

1 CORPORATE INFORMATION

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

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

2 BASIS OF PREPARATION

a) Statement of compliance

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

These consolidated financial statements were authorised for issue by the Board of Directors on May 15, 2018.

b) Basis of measurement

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

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

c) Amended standards adopted by the Group

The amendments to IND AS 7 requires disclosure of changes in liabilities arising from financing activities, refer note 15(a).

d) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Indian National Rupee ('INR'), which is the Group's functional and presentation currency. All amounts have been presented in lacs with two decimals, unless otherwise indicated.

e) Current or Non current classification

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

f) Use of judgements and estimates

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

a) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

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

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

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

ii) **Transition to Ind AS**

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

iii) **Depreciation**

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

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

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

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

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

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

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

b) **Intangible assets**

i) **Recognition and measurement**

Intangible assets acquired separately

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

Internally generated intangible assets - Research and development

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

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

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

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

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impairment losses are recognized immediately in profit or loss.

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

ii) Transition to Ind AS

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

iii) Amortisation

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

Software	6 years
Product development	5 years

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

c) Impairment of non-financial assets

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

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

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

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

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

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

d) Financial instruments

i) Initial recognition

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

ii) Subsequent measurement

(i) Financial assets carried at amortised cost

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

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

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

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

(iii) Financial assets at fair value through profit or loss

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

(iv) Financial liabilities

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

iii) Impairment of financial assets

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

With regard to trade receivable, the Group applies the simplified approach (Refer Note No. 37(i)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

iv) Derecognition

Financial Assets

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

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

Financial Liabilities

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

v) Reclassification of Financial Assets and Financial Liabilities

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

vi) Derivative financial instruments

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

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recorded in the Group's hedging reserve as a component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss.

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

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

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

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

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If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognized immediately in the statement of profit and loss.

vii) Offsetting

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

e) Fair value measurement

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

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

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

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

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

f) Inventories

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

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

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

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

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

g) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

h) Revenue Recognition

i) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made. Amounts disclosed as revenue are inclusive of excise duty and net of returns, discounts, volume rebates and net of goods and service tax.

ii) Sale of services

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

iii) Export Incentives

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

iv) Interest Income

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

v) Dividends

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

i) Employee Benefits

i) **Short term employee benefits**

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

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

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

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

iii) **Defined benefit plans**

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

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

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

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

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

iv) **Other long-term employee benefits**

Employee benefits in the form of long term compensated absences are considered as long term employee benefits. The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that

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employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

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

j) Foreign currency transactions

Initial recognition:

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

Conversion:

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

Exchange difference:

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

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

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

k) Borrowing costs

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

l) Income tax

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

i) **Current tax**

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

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

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

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

ii) **Deferred tax**

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

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

m) Segment Reporting

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

The Management Advisory Committee of the Group has been identified as the CODM by the Group. Refer Note 33 for Segment disclosure.

n) Cash and cash equivalents

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

o) Cash flow statement

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

p) Lease

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

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

Group as lessee under finance lease

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

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

Group as lessee under operating lease

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

q) Share-based payment transactions

The grant date fair value of equity settled share-

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

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

r) **Earning per share**

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

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

s) **Dividends**

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

t) **Basis of consolidation**

Subsidiaries

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

The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power held as at March 31st, 2018 (March 31, 2017)
PILL Finance & Investment Limited	India	100% (100%)
PI Life Science Research Limited	India	100% (100%)
PI Japan Co. Ltd.	Japan	100% (100%)

Equity accounted investees

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

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

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

Name of the Company	Country of Incorporation	% voting power held as at March 31st, 2018 (March 31, 2017)
PI Kumiai Private Limited	India	50% (NA)
Solinnos Agro Sciences Private Limited	India	49% (49%)

Transactions eliminated on consolidation

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

Foreign operation

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

4 PROPERTY, PLANT & EQUIPMENT

(₹ in lacs)

	Leasehold land	Freehold land	Leasehold improvement	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	TOTAL
Gross carrying amount									
As at beginning of April 01, 2016	2,011.72	68.22	1.27	21,376.26	67,571.21	616.96	559.47	10.44	**92,215.55**
Additions	-	-	7.42	4,905.87	8,603.88	331.31	219.21	3.24	**14,070.93**
Disposals	-	-	(0.78)	(35.27)	(96.28)	(4.41)	(0.37)	-	**(137.11)**
As at March 31, 2017	**2,011.72**	**68.22**	**7.91**	**26,246.86**	**76,078.81**	**943.86**	**778.31**	**13.68**	**106,149.37**
Additions	-	-	0.45	2,956.44	9,891.05	384.78	213.37	9.87	**13,455.96**
Disposals	-	-	-	-	(84.85)	-	(1.96)	(0.03)	**(86.84)**
As at March 31, 2018	**2,011.72**	**68.22**	**8.36**	**29,203.30**	**85,885.01**	**1,328.64**	**989.72**	**23.52**	**119,518.49**
Accumulated depreciation									
As at beginning of April 01, 2016	21.47	-	0.42	499.73	4,635.94	39.60	83.17	3.49	**5,283.82**
Depreciation charge during the year	21.47	-	0.32	880.32	6,035.06	77.92	141.40	1.67	**7,158.16**
Disposals	-	-	(0.03)	(1.33)	(49.94)	(1.10)	(0.24)	-	**(52.64)**
Difference on account of Foreign Currency Exchange Reserve	-	-	(0.02)	-	-	-	(0.18)	-	**(0.20)**
As at March 31, 2017	**42.94**	**-**	**0.69**	**1,378.72**	**10,621.06**	**116.42**	**224.15**	**5.16**	**12,389.14**
Depreciation charge during the year	21.47	-	0.54	1,058.25	6,728.26	114.74	172.70	2.35	**8,098.31**
Disposals	-	-	-	-	(23.76)	-	(0.89)	(0.02)	**(24.67)**
Difference on account of Foreign Currency Exchange Reserve	-	-	0.04	-	-	-	0.62	-	**0.66**
As at March 31, 2018	**64.41**	**-**	**1.27**	**2,436.97**	**17,325.56**	**231.16**	**396.58**	**7.49**	**20,463.44**
Net carrying amount									
As at March 31, 2017	**1,968.78**	**68.22**	**7.22**	**24,868.14**	**65,457.75**	**827.44**	**554.16**	**8.52**	**93,760.23**
As at March 31, 2018	**1,947.31**	**68.22**	**7.09**	**26,766.33**	**68,559.45**	**1,097.48**	**593.14**	**16.03**	**99,055.05**

a. Depreciation for the year includes depreciation amounting to ₹ 901.92 lacs (31 March 2017 ₹ 525.74 lacs) on assets used for research & development. During the year Group incurred ₹ 1,665.27 lacs (31 March 2017 ₹ 5,304.18 lacs) towards capital expenditure for research & development (Refer note 28).

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

c. Refer note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

5 OTHER INTANGIBLE ASSETS

(₹ in lacs)

	Computer Software	Product Development	Total
Gross carrying amount			
As at March 31, 2016	483.51	95.47	578.98
Additions	401.44	-	401.44
As at March 31, 2017	**884.95**	**95.47**	**980.42**
Additions	168.58	-	168.58
As at March 31, 2018	**1,053.53**	**95.47**	**1,149.00**
Accumulated amortisation			
As at March 31, 2016	**80.27**	**13.66**	**93.93**
Amortisation charge during the year	124.50	21.41	145.91
As at March 31, 2017	**204.77**	**35.07**	**239.84**
Amortisation charge during the year	175.45	21.41	196.86
As at March 31, 2018	**380.22**	**56.48**	**436.70**
Net carrying amount			
As at March 31, 2017	**680.18**	**60.40**	**740.58**
As at March 31, 2018	**673.31**	**38.99**	**712.30**

6 INTANGIBLES ASSETS UNDER DEVELOPMENT

(₹ in lacs)

	Intangible Assets under Development
As at March 31, 2016	1,256.31
Additions	640.87
As at March 31, 2017	**1,897.18**
Additions	489.31
Disposal	(310.16)
As at March 31, 2018	**2,076.33**

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

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Notes to the Consolidated Financial Statements

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7 FINANCIAL ASSETS

7(a) NON CURRENT INVESTMENTS

(₹ in lacs)

		As at March 31, 2018			As at March 31, 2017		
		Face value	No. of Shares	Amount	Face value	No. of Shares	Amount
	Investment in equity instruments (fully paid up)						
1)	**Quoted at FVTPL**						
	a) United Credit Limited	10	700	0.12	10	700	0.09
	b) Summit Securities	10	12	0.09	10	12	0.07
	c) Akzo Nobel India Limited	10	50	0.90	10	50	0.95
	d) BASF India Limited	10	976	18.63	10	976	13.32
	e) Sudershan Chemical Industries Limited	1	900	3.95	1	900	3.14
	f) Rallis India Limited	1	2,070	4.90	1	2,070	5.40
	g) Bayers Crop Science Limited	10	66	2.77	10	66	2.50
	h) Punjab Chemicals & Crop Protection Limited	10	248	0.97	10	248	0.69
	i) Pfizer Limited (Erstwhile Wyeth Limited)	10	29	0.63	10	29	0.55
	j) Sanofi India Limited	10	100	5.16	10	100	4.72
	k) L.M.L.Limited	10	150	0.01	10	150	0.02
	l) United Sprit Limited	10	188	5.88	10	188	4.09
	m) RPG Life Sciences Limited	10	360	1.38	10	360	1.62
	n) Voltas Limited	1	100	0.62	1	100	0.41
	o) ICICI Bank Limited	2	2,530	7.04	2	2,300	6.37
				53.05			**43.94**
2)	**Unquoted**						
	a) Sygenta India Limited	10	160	0.02	10	160	0.02
	b) Ciba CKD Biochem Limited	10	100	0.05	10	100	0.05
	Less: Provision for diminution in value of investment			(0.05)			-
				0.02			**0.07**
	TOTAL			**53.07**			**44.01**
	Aggregate amount of quoted investments and market value thereof			53.05			43.94
	Aggregate amount of un-quoted investments			0.07			0.07
	Aggregate amount of impairment in the value of investments			(0.05)			-

7(b) CURRENT INVESTMENTS

(₹ in lacs)

		As at March 31, 2018		As at March 31, 2017	
Investment in mutual funds at FVTPL					
Quoted					
a)	**Reliance Liquid Fund-Treasury Plan-Growth Plan-Growth Option**	3,252.66		2,080.52	
	77,036.308 (March 31, 2017 : 52,618.45) Units				
b)	**SBI Premier Liquid Fund-Regular Plan-Growth**	3,115.52		2,032.59	
	1,14,726.879 (March 31, 2017 : 79,844.41) Units				
c)	**ICICI Prudential Liquid Plan-Growth**	3,256.18		2,081.26	
	12,70,018.482 (March 31, 2017 : 8,66,628.55) Units				
d)	**HDFC Liquid Fund-Regular Plan-Growth**	3,216.94		2,048.74	
	94,323.052 (March 31, 2017 : 64,030.18) Units				
e)	**Aditya Birla Sun Life Cash Plus-Growth-Direct Plan**	3,109.02			-
	11,13,090.088 (March 31, 2017 : Nil) Units		15,950.32		8,243.11
TOTAL			**15,950.32**		**8,243.11**
Aggregate amount of quoted investments and market value thereof			**15,950.32**		**8,243.11**
Aggregate amount of impairment in the value of investments			-		-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

7(c) LOANS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Considered good unless stated otherwise				
Security deposits	391.33	281.45	32.12	36.13
Loans and advances to related parties (Refer Note 35)	-	-	2.45	375.94
Other loans and advances				
Employee advances				
Considered good	-	-	35.49	424.39
Doubtful	-	-	5.65	3.52
Less: Allowance for doubtful employee advances	-	-	(5.65)	(3.52)
Other miscellaneous advances	-	-	296.22	65.25
	-	-	331.71	489.64
TOTAL	**391.33**	**281.45**	**366.28**	**901.71**

7(d) TRADE RECEIVABLES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good unless stated otherwise		
-Considered good	52,675.17	42,371.16
-Doubtful	1,930.33	1,483.05
	54,605.50	**43,854.21**
Less: Allowance for doubtful debts	(1,930.33)	(1,483.05)
TOTAL	**52,675.17**	**42,371.16**
Of the above, trade receivable from related parties are given below:		
Total trade receivable from related parties (Refer note 35)	61.95	4.89
Less: Allowance for bad and doubtful debts	-	(0.17)
Net trade receivables	**61.95**	**4.72**

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

7(e) CASH AND CASH EQUIVALENTS

(₹ in lacs)

		As at March 31, 2018	As at March 31, 2017
i.	Cash & Cash Equivalents		
	Balance with banks		
	In Current Accounts	1,377.09	705.14
	In EEFC account	108.66	10.09
	Cash on hand	7.14	6.26
	Deposits with maturity of less than 3 months*	10,232.09	7,722.20
	TOTAL	**11,724.98**	**8,443.69**

* Includes deposits amounting to ₹ 2,069.69 lacs (March 31, 2017 ₹ Nil) held as margin money

ii. Disclosure on specified bank notes:

During the previous year, the Group had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the previous period from November 8, 2016 to December 30, 2016. The denomination wise SBNs and other notes as per the notification is given below:

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Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(in ₹)

	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 08.11.2016	1,048,500	431,157	1,479,657
(+) Permitted receipts	-	2,657,416	2,657,416
(-) Permitted payments	-	(2,398,772)	(2,398,772)
(-) Amount deposited in Banks	(1,048,500)	(40,000)	(1,088,500)
Closing cash on hand as on 30.12.2016	**-**	**649,801**	**649,801**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

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

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
In deposit accounts held as margin money	462.93	784.16
Fixed deposits with bank	822.15	3,991.35
In unclaimed dividend accounts*	58.63	44.69
TOTAL	**1,343.71**	**4,820.20**

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

7(g) OTHERS FINANCIAL ASSETS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Considered good, unless stated otherwise				
Interest and other charges recoverable from customers				
- Considered goods	-	-	884.07	722.16
- Doubtful	-	-	795.84	652.06
Less: Allowance for doubtful debts	-	-	(795.84)	(652.06)
Deposits lodged with Excise & Sales Tax department	265.63	245.89	-	-
Deposit accounts held as margin money	262.75	314.36	0.02	267.15
Fixed deposits with banks	-	-	428.37	-
Derivative financial instruments - foreign exchange forward contracts	98.12	-	1,016.38	2,985.00
TOTAL	**626.50**	**560.25**	**2,328.84**	**3,974.31**

8 INVESTMENTS IN ASSOCIATE AND JOINT VENTURE

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Investment in Unquoted Equity Instruments		
Solinnos Agro Sciences Private Limited (Associate)*	57.06	42.20
PI Kumiai Private Limited (Joint Venture)**	4.90	-
	61.96	**42.20**

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

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

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Aggregate carrying amount of individually immaterial associate and joint venture	61.96	42.20
Aggregate amounts of the group's share of:		
Profit/(loss) from continuing operations	14.76	(9.25)
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	**14.76**	**(9.25)**

9 INVENTORIES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Raw materials {includes stock-in-transit ₹ 5,532.10 lacs (March 31, 2017 : ₹ 5,798.86 lacs)}	20,802.53	18,138.04
Work in progress	3,686.89	7,619.06
Finished goods {includes stock-in-transit ₹ 6,290.65 lacs (March 31, 2017 : ₹ 2,383.42 lacs)}	17,094.79	13,547.17
Stock in trade {includes stock-in-transit ₹ 217.67 lacs (March 31, 2017 : ₹ 41.98 lacs)}	1,503.75	1,897.68
Stores & spares {includes stock-in-transit ₹ 55.26 lacs (March 31, 2017 : ₹ 40.05 lacs)}	2,112.55	1,992.63
TOTAL	**45,200.51**	**43,194.58**

The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 490.04 lacs (March 31, 2017 ₹ 1,623.92 lacs).

10 OTHER ASSETS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Considered good unless stated otherwise				
Capital advances				
Considered good	3,249.25	2,327.46	-	-
Doubtful	10.80	1.69	-	-
Less: Allowance for doubtful advance	(10.80)	(1.69)	-	-
Advances to vendors				
Considered good	-	-	4,260.64	2,282.13
Doubtful	-	-	101.10	11.40
Less: Allowance for doubtful advance	-	-	(101.10)	(11.40)
Balance with Central Excise Authorities, Customs, etc.	-	-	1,806.61	2,089.09
Prepayments	102.46	451.34	917.88	858.14
Other statutory advances	3.48	3.48	5,296.37	1,387.29
Export incentive receivables	-	-	4,269.91	2,733.64
Other miscellaneous advances*	547.66	424.80	-	-
TOTAL	**3,902.85**	**3,207.08**	**16,551.41**	**9,350.29**

* Miscellaneous advances include amount of ₹ 500.01 lacs (March 31, 2017 ₹ 377.16 lacs) deposited with Sales Tax Authorities under protest.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

11 CURRENT TAX ASSETS

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Advance income tax (Net of provision for income tax ₹ 59,686.45 lacs {March 31, 2017 ₹ 49,696.46 lacs})	35.14	492.00
TOTAL	**35.14**	**492.00**

12 EQUITY SHARE CAPITAL

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Authorised Shares		
223,000,000 (March 31, 2017 : 223,000,000) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	2,230.00	2,230.00
5,000,000 (March 31, 2017 : 5,000,000) Preference Shares of ₹100 each (March 31, 2017 : ₹ 100 each)	5,000.00	5,000.00
	7,230.00	**7,230.00**
Issued Shares		
138,083,893 (March 31, 2017 : 137,763,199) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	1,380.84	1,377.63
	1,380.84	**1,377.63**
Subscribed & Fully Paid up Shares		
137,907,318 (March 31, 2017 : 137,586,624) Equity Shares of ₹1 each (March 31, 2017 : ₹ 1 each)	1,379.07	1,375.87
Total subscribed and fully paid up share capital	**1,379.07**	**1,375.87**

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

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

The Company has only one class of Equity Shares having a par value of ₹1 per share (March 31, 2017 ₹ 1 per share). Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

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

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Opening balance	-	-	-	-
Adjustment on consolidation of ESOP Trust during the year	505,054	5.05	-	-
Exercised during the year	233,496	2.33	-	-
Closing balance	**271,558**	**2.72**	**-**	**-**

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

During the year ended March 31, 2018, the Company has issued 320,694 equity shares of ₹ 1 each (March 31, 2017 459,402 equity shares of ₹ 1 each), as per exercise price to PII ESOP Trust, set up to administer Employee Stock Option Plan. Out of total equity shares issued to the Trust 233,496 equity shares of face value of ₹ 1 each (March 31, 2017 503,177 equity shares of face value of ₹ 1 each) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on March 31, 2018, 266,748 equity shares of face value of ₹ 1 per share (March 31, 2017 184,360 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 31)

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for the year ended March 31, 2018

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

Issued Share Capital

Equity Shares

	Equity Share (No. of Shares)		Value of Equity Shares	
	2017-18	2016-17	2017-18	2016-17
Share outstanding at beginning of period	137,763,199	137,303,797	1,377.63	1,373.04
Shares issued under employee stock option plan	320,694	459,402	3.21	4.59
Share outstanding at end of period	**138,083,893**	**137,763,199**	**1,380.84**	**1,377.63**

Subscribed & Paid up

Equity Shares

	Equity Share (No. of Shares)		Value of Equity Shares	
	2017-18	2016-17	2017-18	2016-17
Share outstanding at beginning of period	137,586,624	137,127,222	1,375.87	1,371.27
Shares issued under employee stock option plan	320,694	459,402	3.21	4.59
Share outstanding at end of period	**137,907,318**	**137,586,624**	**1,379.08**	**1,375.86**

f. Shares reserved for issue under option

Shares reserved for issue under employee stock option plan is set out in note 31.

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

Equity Shares

Name of Shareholders	2017-18		2016-17	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	6.20	8,554,857	6.22
Ms. Madhu Singhal	21,560,500	15.63	21,560,500	15.67
Mr. Mayank Singhal	32,028,510	23.22	32,028,510	23.28
Ms. Pooja Singhal	8,665,550	6.28	8,665,550	6.30
ICICI Prudential Value Discovery Fund	7,345,756	5.33	4,646,256	3.38
Cartica Capital Ltd.	Nil	Nil	8,483,037	6.17

13 OTHER EQUITY

(₹ in lacs)

	As at March 31, 2018		As at March 31, 2017	
Reserves & Surplus				
a. Capital reserve				
Balance at the beginning of the Financial year	148.88		148.88	
Addition during the Financial year	-	148.88	-	148.88
Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b. Capital redemption reserve				
Balance at the beginning of the financial year	35.00		35.00	
Deduction during the financial year	-	35.00	-	35.00
c. Securities premium reserve				
Balance at the beginning of the financial year	19,093.86		17,740.31	
Add: Premium on issue of equity shares through ESOP	1,437.27		1,353.55	
Add: Exercise of share options	452.62		-	
Less: Own shares held by ESOP Trust	(1,140.21)	19,843.54	-	19,093.86

(₹ in lacs)

		As at March 31, 2018		As at March 31, 2017	
	Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.				
d.	**Share option outstanding account**				
	Balance at the beginning of the financial year	1,413.19		1,097.30	
	Add: Expense on employee stock option scheme	165.96		843.06	
	Less: Shares issued under employee stock option scheme	(556.83)	1,022.32	(527.17)	1,413.19
	The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 31).				
e.	**General reserve**				
	Balance at the beginning of the financial year	18,566.38		13,992.72	
	Add: Transferred during the financial year	-	18,566.38	4,573.66	18,566.38
f.	**Surplus in statement of profit and loss**				
	Balance at the beginning of the financial year	120,724.69		82,278.17	
	Addition during the financial year	36,763.21		45,944.12	
	Add: Remeasurement gain/(loss) on defined benefit plans through OCI	113.08		(440.00)	
	Less: Transfer to general reserves	-		(4,573.66)	
	Less: Interim dividend on equity shares ₹ 1.50 per share (March 31, 2017 ₹ 1.50 per share)	(2,063.80)		(2,063.80)	
	Less: Final dividend for the year ended March 31, 2017 ₹ 2.50 per share (March 31, 2016 - Nil per share) (Net of dividend paid to PII ESOP Trust)	(3,433.72)		-	
	Less: Dividend distribution tax on equity shares	(1,120.38)	150,983.08	(420.14)	120,724.69
g.	**Own shares held by ESOP Trust**				
	Balance at the beginning and end of the financial year	-		-	
	Add: Adjustment on consolidation of ESOP Trust during the year	(5.05)		-	
	Less: Exercise of share options	2.33	(2.72)	-	-
Items of other comprehensive income					
h.	**Cash Flow Hedge Reserve**				
	Balance at the beginning of the financial year	1,353.55		420.50	
	Add: Other comprehensive income for the financial year	(857.46)	496.09	933.05	1,353.55
	The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
i.	**Foreign currency translation reserve**				
	Balance at the beginning and end of the financial year	6.43		8.23	
	Other comprehensive income for the year	5.48	11.91	(1.80)	6.43
	TOTAL		**191,104.49**		**161,341.98**

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for the year ended March 31, 2018

14 DISTRIBUTION MADE AND PROPOSED

(₹ in lacs)

		As at March 31, 2018	As at March 31, 2017
A	**Dividends declared and paid:**		
	Final dividend for the year ended March 31, 2017 ₹ 2.50 (March 31, 2016 - Nil) per qualifying equity share	3,439.67	-
	Interim dividend for the year ended March 31, 2018 ₹ 1.50 (March 31, 2017 - ₹ 1.50) per qualifying equity share	2,063.80	2,063.80
	Total dividends	**5,503.47**	**2,063.80**

(a) The Company has paid tax on dividend amounting to ₹ 1,120.38 lacs (March 31, 2017 ₹ 420.14 lacs)

		As at March 31, 2018	As at March 31, 2017
B	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, subsequent to the year end the Board of Directors have recommended a final dividend of ₹ 2.50 per fully paid equity share (March 31, 2017 ₹ 2.50)	3,447.68	3,439.67
	Tax on Dividend	701.95	700.32

This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting

15 FINANCIAL LIABILITIES

15(a) BORROWINGS (NON-CURRENT)

(₹ in lacs)

	Non- Current maturities		Current maturities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured				
Term loans - from banks				
Foreign currency loans from banks	4,633.33	8,296.73	3,729.46	3,713.90
Less: Interest accrued but not due on borrowings (included in Note 15 (c))	-	-	24.27	27.29
TOTAL	**4,633.33**	8,296.73	**3,705.19**	**3,686.61**

a. **Foreign Currency Loans includes:**

External commercial borrowings (ECB) from HSBC bank amounting to USD 128.57 lacs carrying interest rate of 3 months LIBOR plus 1.42% is outstanding as on March 31, 2018 and is repayable in balance 9 quarterly instalments of USD 14.29 lacs each. The loan is secured by exclusive charge on movable plant and machinery relating to multi purpose plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). Carrying value of assets pledged as securities is ₹ 18,253.25 lacs. Refer note 42.

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

c. **Changes in liabilities arising from financing activities**

	As at March 31, 2018	As at March 31, 2017
This section sets out changes in liabilities arising from financing activities pursuant to requirements under Ind AS 7		
Current portion of long term financial borrowings	(3,705.19)	(3,686.61)
Non-current portion of long term financial borrowings	(4,633.33)	(8,296.73)
TOTAL	**(8,338.52)**	**(11,983.34)**
Balance as at March 31, 2017		**(11,983.34)**
Foreign exchange adjustments		(3.02)
Interest expense		(284.51)
Interest paid		287.53
Re-payments		3,644.82
Balance as at March 31, 2018		**(8,338.52)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

15(b) TRADE PAYABLES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
Trade payables		
- Due to micro and small enterprises (Refer Note 36)	474.90	486.79
- Other trade payables	36,391.36	28,291.72
TOTAL	**36,866.26**	**28,778.51**

15(c) OTHER FINANCIAL LIABILITIES

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Employee payables*	-	-	4,862.77	4,044.52
Security deposits from dealers	1,816.72	1,701.63		
Security deposits from contractors	15.00	17.50	25.50	27.25
Current maturities of long-term borrowings (Refer Note 15 (a))	-	-	3,705.19	3,686.61
Interest accrued and due on borrowings	-	-	-	-
Interest accrued but not due on borrowings	-	-	24.27	27.29
Unclaimed dividends	-	-	58.63	44.69
Creditors for capital purchases	-	-	2,386.73	3,553.79
Other payable**	-	-	10,372.84	10,895.42
TOTAL	**1,831.72**	**1,719.13**	**21,435.93**	**22,279.57**

* This includes due to Directors amounting to ₹ 680.94 lacs (March 31, 2017 ₹ 685.80 lacs)

** This includes due to Non-executive/ Independent Directors amounting to ₹ 114.88 lacs (March 31, 2017 : ₹ 100.00 lacs)

16 PROVISIONS

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits*				
Long term compensated absences	972.05	955.95	63.72	67.46
Gratuity	1,358.31	1,316.35	-	-
	2,330.36	**2,272.30**	**63.72**	**67.46**
Provisions for legal claims	-	-	1,009.62	817.02
	-	**-**	**1,009.62**	**817.02**
TOTAL	**2,330.36**	**2,272.30**	**1,073.34**	**884.48**

(i) Information about provisions for legal claims

(a) An objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Group filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2018 total differential custom duty demand is Rs. 964.70 lacs (March 31, 2017 ₹ 772.10 lacs). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of Rs. 44.92 lacs (March 31, 2017: Rs. 44.92 lacs). The Group has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honourable Rajasthan High Court.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(ii) Movement in other provisions

(₹ in lacs)

	Legal claim
As at April 01, 2016	688.45
Provisions made during the year	128.57
As at March 31, 2017	**817.02**
Provisions made during the year	192.60
As at March 31, 2018	**1,009.62**

* Refer note 30 for movement in " Provision for Employee Benefits"

17 DEFERRED TAX LIABILITIES

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
The balance comprises of temporary differences attributable to :		
Deferred tax liabilities		
Plant, property and equipment	10,331.80	9,471.40
Intangible assets	161.78	139.21
Other comprehensive income items		
- Remeasurements on defined benefit plans	(163.93)	(223.75)
- Effective portion on cash flow hedges	162.90	616.70
- Exchange difference on translation of foreign operations	6.30	3.40
Deferred tax assets		
Provision for employee benefits	(888.05)	(576.85)
Other financial liabilities	(54.48)	(132.38)
Trade receivables	(668.05)	(513.25)
Other financial assets	(275.42)	(225.67)
Others	(151.87)	(7.09)
Minimum alternate tax (MAT) credit entitlement	(11,134.86)	(10,533.18)
Net deferred tax (assets) / liabilities TOTAL	**(2,673.88)**	**(1,981.46)**

Movement in deferred tax:

(₹ in lacs)

	As at March 31, 2017	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2018
Deferred tax assets					
Provision for employee benefits	576.85	311.20	-	-	888.05
Other financial liabilities	132.38	(77.90)	-	-	54.48
Trade receivables	513.25	154.80	-	-	668.05
Other financial assets	225.67	49.75	-	-	275.42
Others	7.09	144.78	-	-	151.87
Minimum alternate tax (MAT) credit entitlement	10,533.18	519.50	-	82.18	11,134.86
Sub- Total (a)	**11,988.42**	**1,102.13**	**-**	**82.18**	**13,172.73**
Deferred tax liabilities					
Plant, property and equipment	9,471.40	860.40	-	-	10,331.80
Intangible assets	139.21	22.57	-	-	161.78
- Remeasurements on defined benefit plans	(223.75)	-	59.82	-	(163.93)
-Effective portion on cash flow hedges	616.70	-	(453.80)	-	162.90
-Exchange difference on translation of foreign operations	3.40	-	2.90	-	6.30
Sub- Total (b)	**10,006.96**	**882.97**	**(391.08)**	**-**	**10,498.85**
Net deferred tax liability (b)-(a)	**(1,981.46)**	**(219.16)**	**(391.08)**	**(82.18)**	**(2,673.88)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Movement in deferred tax:

(₹ in lacs)

	As at April 1, 2016	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2017
Deferred tax assets					
Provision for employee benefits	422.26	154.59	-	-	576.85
Other financial liabilities	148.59	(16.21)	-	-	132.38
Trade receivables	430.32	82.93	-	-	513.25
Other financial assets	191.64	34.03	-	-	225.67
Others	22.89	(15.80)	-	-	7.09
Minimum alternate tax (MAT) credit entitlement	2,202.34	7,896.28	-	434.56	10,533.18
Sub- Total (a)	**3,418.04**	**8,135.82**	**-**	**434.56**	**11,988.42**
Deferred tax liabilities					
Plant, property and equipment	6,673.22	2,798.18	-	-	9,471.40
Intangible assets	138.07	1.14	-	-	139.21
Other Comprehensive Income Items				-	
- Remeasurements on defined benefit plans	9.11	-	(232.86)	-	(223.75)
-Effective portion on cash flow hedges	122.89	-	493.81	-	616.70
-Exchange difference on translation of foreign operations	4.36	-	(0.96)	-	3.40
Sub- Total (b)	**6,947.65**	**2,799.32**	**259.99**	**-**	**10,006.96**
Net deferred tax (assets)/ liability (a)-(b)	**3,529.61**	**(5,336.50)**	**259.99**	**(434.56)**	**(1,981.46)**

* It consists actualisation of MAT credit entitlement on the basis of tax return filed.

18 OTHER LIABILITIES

(₹ in lacs)

	Non- Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Income received in Advances from customer	-	-	1,161.16	1,980.88
Statutory dues payable	-	-	826.11	1,210.70
TOTAL	**-**	**-**	**1,987.27**	**3,191.58**

19 REVENUE FROM OPERATIONS

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
	Revenue from Operations includes		
a)	Sale of products (including Excise Duty)	227,477.04	235,034.29
b)	Sale of services	148.68	68.97
c)	**Other operating revenues:**		
	Scrap Sales	137.96	186.48
	Export Incentives	3,108.03	3,041.13
		3,245.99	**3,227.61**
	Revenue From Operations	**230,871.71**	**238,330.87**

Goods and Service Tax (GST) has been effective from July 01, 2017. Consequently, excise duty, value added tax (VAT), Service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 01, 2017, 'Sale of products' excludes the amount of GST recovered. Accordingly, revenue from 'Sale of Products' and 'Revenue from operations' for the year ended March 31, 2018 are not comparable with those of the previous year.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

20 OTHER INCOME

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend Income from Investment at fair value through profit or loss	0.29	0.35
Interest Income from financial assets at amortised cost	2,663.86	1,565.19
Unwinding of discount on security deposits	19.79	14.06
Net gain on sale of investments	83.95	61.77
Net gain on financial assets measured at fair value through profit or loss	716.31	254.80
Net foreign exchange differences	2,347.99	1,652.59
Miscellaneous Income	192.70	112.82
TOTAL	**6,024.89**	**3,661.58**

* Net of amount of loss/ (gain) ₹ 16.54 lacs (March 31, 2017 ₹ (231.00) lacs) which has been transferred to Capital work in progress during the year.

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

(₹ in lacs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Closing balance				
Finished goods	17,094.79		13,547.17	
Stock in trade	1,503.75		1,897.68	
Work in Progress	3,686.89	22,285.43	7,619.06	23,063.91
Opening balance				
Finished Goods	13,547.17		11,518.22	
Stock in trade	1,897.68		1,708.94	
Work in Progress	7,619.06	23,063.91	5,747.72	18,974.88
TOTAL		**778.48**		**(4,089.03)**

22 EMPLOYEE BENEFIT EXPENSE

(₹ in lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages and Bonus	21,391.88	19,153.86
Contribution to Provident & other funds	843.57	790.67
Gratuity (Refer Note 30)	898.97	261.40
Long term compensated absences	129.94	478.71
Employees Welfare Expenses	886.59	733.96
Expense on Employee Stock Option Scheme (Refer Note 31)	165.96	843.06
TOTAL	**24,316.91**	**22,261.66**

* Net of amount of ₹ 936.38 lacs (March 31, 2017 ₹ 811.80 lacs) which has been transferred to Capital work in progress during the year.

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Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

23 OTHER EXPENSES

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Power, Fuel & Water	7,546.44	6,919.77
Consumption of Stores & Spares	2,122.00	2,810.47
Repairs & Maintenance:		
- Buildings	532.95	157.40
- Plant and machinery	1,555.25	333.68
- Others	1,036.17	942.22
Environment & pollution control expenses	3,496.80	4,395.21
Laboratory & Testing Charges	1,903.00	1,186.81
Freight & Cartage	3,209.27	2,826.31
Advertisement & Sales Promotion	3,698.08	3,955.08
Travelling and conveyance #	3,815.57	3,380.16
Rental charges (Refer note 31 c)	1,521.09	1,236.44
Rates and Taxes	366.83	553.27
Insurance	435.70	333.84
Donation	344.20	69.55
Loss on Sale/Retirement of property, plant and equipment (Net)	53.27	24.51
Payments to auditors (Refer Note 22(a))	51.28	42.91
Telephone and communication charges	453.11	496.37
Provision for Bad and Doubtful debts & Advances	691.98	349.56
Director Sitting Fees & Commission	149.62	117.32
Legal & professional fees	1,845.64	1,823.16
Bank Charges	201.48	156.01
Corporate Social responsibility expenditure (refer note 24)	858.00	695.00
Miscellaneous Expenses	1,265.01	972.18
TOTAL*	**37,152.74**	**33,777.23**

a. Auditors' Remuneration

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
-Audit Fees	34.15	27.48
-Limited Review Fees	10.50	10.50
-Certificates & other matters	3.32	2.34
-Reimbursement of expenses	3.31	2.59
TOTAL	**51.28**	**42.91**

* Includes donation paid to political parties amounting to ₹ 290 lacs (march 31, 2017 ₹ Nil). This includes donation paid to Bhartiya Janta Party amounting to ₹ 240 lacs and indian National Congress Party amounting to ₹ 50 lacs.

* Net of amount of ₹ 24.78 lacs (March 31, 2017 ₹ 463.96 lacs) which has been transferred to Capital work in progress during the year.

Includes lease rental for vehicles on operating lease amounting to ₹ 927.94 (March 31, 2017 ₹ 776.00). Refer note 31 (c).

24 CORORATE SOCIAL RESPONSIBILITY EXPENDITURE

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Contribution to PI Foundation Trust for CSR activities	858.00	695.00
Amount required to be spent by the Company during the year as per Section 135 of the Act	858.00	695.00
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	858.00	695.00

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

25 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on Property, Plant and Equipment (Refer Note 4)	8,098.31	7,158.16
Amortization of Intangible Assets (Refer Note 5)	196.86	145.91
TOTAL	**8,295.17**	**7,304.07**

26 FINANCE COSTS

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on financial liabilities measured at amortised cost	500.53	681.07
Other Borrowing Costs	31.16	39.47
TOTAL	**531.69**	**720.54**

27 INCOME TAX EXPENSE

a) Income tax expense recognised in Profit and Loss

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax expense		
Current tax on profits for the year	10,091.28	10,792.77
Adjustment of current tax for prior year periods	(86.28)	(446.77)
Total Current tax expense	**10,005.00**	**10,346.00**
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	882.97	2,799.32
Decrease / (Increase) in Deferred tax assets	(1,102.13)	(8,135.82)
Net Deferred tax expense	**(219.16)**	**(5,336.50)**
Total Income tax expense	**9,785.84**	**5,009.50**

b) Deferred tax related to items recognised in OCI during the year

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Remeasurement of defined benefit plans	59.83	(232.86)
Effective portion on cash flow hedges	(453.80)	493.81
Exchange difference on translation of foreign operations	2.90	(0.96)
Income tax charged to OCI	**(391.07)**	**259.99**

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

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Accounting profit before tax	46,549.04	50,953.62
Tax at India's statutory income tax rate @ 34.608%	**16,109.69**	**17,634.03**
Adjustment in respect of current income tax of previous years	(86.28)	(446.77)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	10.27	-
Effect of concessions (expenditure on new plant and machinery)	-	(273.58)
Effect of concessions (expenditure on research and development)	(1,206.83)	(2,425.79)
Difference in overseas tax rate	(2.70)	(2.52)
Effect of lower income tax rate	(6.33)	(1.20)
Effect of income that is exempt from taxation (operations in tax free zone)	(5,127.61)	(9,809.02)
Effect of amounts which are not deductible in calculating taxable income	95.63	334.36
Income Tax Expense	**9,785.84**	**5,009.50**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

d) Unrecognized temporary differences

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Temporary differnce relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Undistributed earnings	1,989.86	1,789.09
Unrecognised deferred tax liabilities relating to the above temporary differences	688.65	619.17

Certain subsidiares of the Group have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary diffErnce exists, but no deferred tax liability has been recognised as the Company is able to control the timing of distributions from the subsidiaries. These subsidiaries are not expected to distribute these profits in foreseeable future.

28 RESEARCH & DEVELOPMENT EXPENSES

Details of Expenditure on Research & Development Facilities/ division of the Group recognised by Department of Scientific & Industrial Research.

a) Revenue Expenditure

(₹ in lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Other Income	22.82	3.71
	22.82	**3.71**
Employee Benefit Expenses		
Salaries, Wages & Bonus	2,308.50	1,646.59
Contributions to Provident & other funds	159.25	114.14
Employee Welfare Expenses	71.53	33.00
	2,539.28	**1,793.73**
Raw & Packing Materials Consumed	**976.95**	**366.26**
Other Expenses		
Laboratory & testing Material	560.83	410.06
Power, Fuel & Water	411.45	217.29
Consumption of stores & spares	467.98	353.47
Testing & analysis	54.18	14.96
Travelling & conveyance	132.69	94.64
Rates and taxes	2.67	1.21
Printing & Stationery	2.52	3.98
Bank Charges	0.12	0.07
Legal & professional fees	169.03	6.28
Miscellaneous Expenses	342.52	203.40
	2,143.99	**1,305.36**
Depreciation		
Depreciation	901.92	525.74
TOTAL	**6,562.14**	**3,991.09**
Total Expenditure Allowed	**6,539.32**	**3,987.38**

b) Capital Expenditure

(₹ in lacs)

	Addition during the year ended March 31, 2018	Addition during the year ended March 31, 2017
Buildings	257.70	1,454.95
Equipments & Others	1,407.57	3,849.23
TOTAL	**1,665.27**	**5,304.18**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

29 EARNING PER SHARE

(₹ in lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
a)	Net Profit for Basic & Diluted EPS	**36,763.21**	**45,944.12**
b)	Number of Equity Shares at the beginning of the year	137,586,624	137,127,222
	Add: Issue of Shares under ESOP	320,694	459,402
	Less: Adjustment of own shares held under ESOP Trust	(271,558)	-
	Total Number of Shares outstanding at the end of the year	**137,635,760**	**137,586,624**
	Weighted Average number of Equity Shares outstanding during the year - Basic	**137,571,318**	**137,326,086**
	Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option and adjustment of own shares held under ESOP Trust	255,250	941,359
	Weighted Average number of Equity Shares outstanding during the year - Diluted	**137,826,568**	**138,267,445**
	Earning Per Share - Basic (₹)	26.72	33.46
	Earning per share - Diluted (₹)	26.67	33.23
	Face value per share (₹)	1	1

30 EMPLOYEE BENEFITS

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

Provident fund

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

Gratuity Plan

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

Long term compensated absences

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

a) Defined Contribution Plans:-

The Group has recognised an expense of ₹ 843.57 lacs (Previous Year ₹ 790.67 lacs) towards the defined contribution plan.

b) Defined benefits plans - as per actuarial valuation

(₹ in lacs)

		Year ended March 31, 2018		Year ended March 31, 2017	
		Gratuity		Gratuity	
		Funded	Non -Funded	Funded	Non -Funded
I	**Change in present value of obligation during the year**				
	Present value of obligation at the beginning of the year	1,613.21	1.55	1,113.92	0.63
	Total amount included in profit and loss *:				
	- Current Service Cost	244.23	0.12	227.71	0.62
	- Interest Cost	120.99	0.64	89.11	0.05
	- Past Service Cost	571.26	-	-	-
	Total amount included in OCI:				
	Remeasurement related to gratuity:				
	Actuarial losses/(gains) arising from:				
	- Demographic Assumption	0.48		(4.44)	
	- Financial assumption	(42.56)	(0.08)	263.51	0.42
	- Experience Judgement	(131.98)	(0.05)	434.45	(0.15)
	Others				
	Benefits Paid	(141.88)	-	(511.05)	-
	Present Value of obligation as at year-end	**2,233.75**	**2.18**	**1,613.21**	**1.57**
	* Includes expenses reclassified to capital work in progress ₹ 15.88 (March 31, 2017 ₹ 99.66)				
II	**Change in Fair Value of Plan Assets during the year**				
	Plan assets at the beginning of the year	298.42	NA	544.69	NA
	Included in profit and loss:				
	Expected return on plan assets	22.37	NA	43.57	NA
	Included in OCI:				
	Actuarial Gain/(Loss) on plan assets	(1.29)	NA	20.92	NA
	Others:				
	Employer's contribution	700.00	NA	199.97	NA
	Benefits paid	(141.88)	NA	(510.72)	NA
	Plan assets at the end of the year	**877.62**	**NA**	**298.43**	**NA**

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd., whose pattern of investment is not available with the Company.

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

(₹ in lacs)

		Year ended March 31, 2018		Year ended March 31, 2017	
		Gratuity		Gratuity	
		Funded	Non -Funded	Funded	Non -Funded
1	Present Value of obligation as at year-end	2,233.75	2.18	1,613.21	1.57
2	Fair value of plan assets at year -end	877.62	-	298.42	0.01
3	Funded status {Surplus/(Deficit)}	(1,356.13)	(2.18)	(1,314.79)	(1.56)
	Net Asset/(Liability)	**(1,356.13)**	**(2.18)**	**(1,314.79)**	**(1.56)**

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IV Bifurcation of PBO at the end of the year

(₹ in lacs)

		Year ended March 31, 2018		Year ended March 31, 2017	
		Gratuity		Gratuity	
		Funded	Non -Funded	Funded	Non -Funded
1	Current Liability	-	-	-	0.00
2	Non-Current Liability	1,356.13	2.18	1,314.79	1.56

V Actuarial Assumptions

1	Discount Rate	7.71%	7.71%	7.50%	7.50%
2	Expected rate of return on plan assets	7.50%	NA	7.50%	NA
3	Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
4	Salary Escalation	7.00%	7.00%	7.00%	7.00%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 431.44 lacs

VII Sensitivity Analysis

(₹ in lacs)

Gratuity	Year ended March 31, 2018		Year ended March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(96.74)	103.50	(74.47)	80.05
Future salary growth (0.50 % movement)	103.72	(97.81)	80.05	(75.15)

VIII Maturity Profile of Defined Benefit Obligation

(₹ in lacs)

	Year ended March 31, 2018		Year ended March 31, 2017	
	Gratuity		Gratuity	
	Funded	Non -Funded	Funded	Non -Funded
Within the next 12 months	122.98	0.02	67.07	-
Between 2-5 years	416.77	0.20	246.36	0.08
Beyond 5 years	1,694.01	1.96	1,299.78	1.49

IX Description of Risk Exposures:

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

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

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

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

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

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

C) Long term compensated absences

The provision for long term compensated absences covers the Company's liability for earned and sick leave, the amount of provision recognised is ₹ 1,035.77 lacs (March 31, 2017 ₹ 1,023.41 lacs).

31 SHARE BASED PAYMENTS

Employee Stock Option Plan

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

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

Key terms of the scheme

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

I. Option Movement during the year ended Mar 2018

	March 31, 2018		March 31, 2017	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	1,360,078	447.36	1,559,507	243.69
Options Granted during the year	-	-	457,864	744.00
Options Forfeited / Surrendered during the year	438,658	510.91	154,116	203.31
Total number of shares arising as a result of exercise of options	233,496	194.84	503,177	160.79
Money realised by exercise of options (₹ lacs)	454.95	NA	809.06	NA
Number of options Outstanding at the end of the year	687,924	492.55	1,360,078	447.36
Number of Options exercisable at the end of the year	266,748	255.81	191,883	139.83

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for the year ended March 31, 2018

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2018		March 31, 2017	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	72,454	1.66	84,884	2.58
75 to 150	108,893	5.22	397,689	6.14
150 to 450	91,839	6.21	181,154	6.91
450 to 750	414,738	6.62	696,351	7.45

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

	March 31, 2018	March 31, 2017
Exercise price is less than market price (in ₹)	NA	435.15

IV. The weighted average market price of options exercised during the year ended March 31, 2018 is ₹ 882.59 (March 31, 2017 is ₹ 832.44)

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

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

The Assumptions used in the model are as follows:

Variables	March 31, 2018	March 31, 2017
	Weighted Average	Weighted Average
1. Risk Free Interest Rate	NA	6.67% to 6.89%
2. Expected Life(in years)	NA	4 to 7 years
3. Expected Volatility	NA	39.02% to 40.52%
4. Dividend Yield	NA	0.37%
5. Exercise Price (in ₹)	NA	744.00
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	845.40

* No options granted during the year ended March 31, 2018

VI. Assumptions:

1 Stock Price: Closing price on National Stock Exchange on the date of grant has been considered.

2 Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

3 Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

4 Exercise Price: Exercise Price of each specific grant has been considered.

5 Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Group expects the options to be live.

6 Expected divided yield: Expected dividend yield has been calculated based on the dividend declared prior to the date of grant.

(₹ in lacs)

VII.	March 31, 2018	March 31, 2017
Employee Option plan expense	165.96	843.06
Total liability at the end of the period	1,022.32	1,413.19

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Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

32 CAPITAL & OTHER COMMITMENT

(₹ in lacs)

		March 31, 2018	March 31, 2017
a.	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 3,260.05 lacs (March 31, 2017 : ₹ 2,329.15 lacs)}	1,620.81	-
b.	Export Commitment	34,037.46	33,225.53

c. **Leases**

Operating lease commitments - As lessee

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
-Payable within one year	1,473.54	1,266.09
-Later than one year and not later than five years	1,848.26	2,414.58
-Later than five years	-	165.10
-Lease payments recognised in Statement of Profit and Loss	2,449.03	2,012.44

Finance lease commitments - As lessee

The Group has entered into finance lease for land in Panoli and Jambusar (Gujarat). Future minimum lease payments under finance leases for all the land is ₹ 225 per annum. For land in Panoli Group has a renewal option for further 2 periods with 100% increase in lease rentals and for land in Jambusar Group has a renewal option upon expiry as may be agreed between the parties or as may be determined by Development Committee from time to time. The amount of minimum lease payments and their present value is not material.

33 CONTINGENT LIABILITIES

(₹ in lacs)

		March 31, 2018	March 31, 2017
a.	Claims against the Group not acknowledged as debt;*		
	- Sales Tax including Goods and Service Tax	493.20	373.96
	- Excise Duty	255.49	262.96
	- Income Tax	780.22	1,469.69
	- ESI	6.09	6.09
	- Other matters, including claims relating to customers, labor and third parties etc.	274.80	138.11
b.	Guarantees excluding financial guarantees;		
	- Performance Bank Guarantees	2,116.90	1,854.07
c.	Other money for which the Group is contingently liable		
	- Letter of Credit	9,843.94	4,152.52

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

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

34 OPERATING SEGMENT

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

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

Notes to the Consolidated Financial Statements

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I **Revenue :**

A. **Information about product revenues:**

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
Active Ingredients and Intermediates	146,869.81	147,203.32
Formulations	82,858.57	90,323.26
Others	1,143.33	804.29
	230,871.71	**238,330.87**

B. **Geographical Areas**

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
India	85,340.30	94,481.90
Asia (other than India)	86,827.91	70,026.15
North America	31,908.72	54,064.40
Australia	-	2,788.16
Europe	19,108.30	12,679.19
Rest of the World	7,686.48	4,291.07
	230,871.71	**238,330.87**

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

(₹ in lacs)

	March 31, 2018	March 31, 2017
India	112,600.43	105,392.57
Asia (other than India)	29.47	9.87
Europe	28.77	37.29
	112,658.67	**105,439.73**

35 RELATED PARTY DISCLOSURES

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

a) **Nature of related party relationship**

i **Subsidiaries, Associates and Controlled Trust:**

(a) Solinnos Agro Sciences Pvt. Ltd. — Associate

(b) PI Kumiai Pvt. Ltd. — Joint Venture

ii **Key Managerial Personnel (KMP) & their relatives with whom transactions have taken place:**

(a) **Key Managerial Personnel**

Mr. Salil Singhal	Chairman & Managing Director (till August 21, 2016)
Mr. Mayank Singhal	Managing Director & CEO
Mr. Rajnish Sarna	Whole-Time Director
Mr. Narayan K. Seshadri	Non-executive Director (Chairman w.e.f. October 5, 2016)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (w.e.f. May 24, 2016)
Mr. Arvind Singhal	Non-executive Director (w.e.f. October 5, 2016)
Mr. Anurag Surana	Non-executive Director (till May 11, 2016)
Dr. Venkatrao S. Sohoni	Non-executive Director (till September 14, 2016)
Dr. Tanjore Soundararajan Balganesh	Non-executive Director (w.e.f. May 16, 2017)

(b) **Relatives of Key Managerial Personnel**

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

iii **Entities controlled by KMP with whom transactions have taken place:**

(a) PI Foundation

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

(₹ in lacs)

Nature of Transaction	Type of relation	2017-18		2016-17	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Compensation to KMP					
-Short term employee benefits	a(ii)(a)	1,294.53		1,504.28	
-Post employment benefits*		48.94		495.69	
-Commission and other benefits to non-executive/ independent directors		134.18		116.66	
Total		**1,477.65**	**(795.82)**	**2,116.63**	**(818.19)**
Other transactions					
Purchase of services	a(ii)(a)	130.32	-	-	-
Purchase of services	a(i)(a)	45.93	33.57	-	-
Sales of services	a(i)(a)	60.00	61.95	8.33	9.58
Rent Received	a(i)(a)	2.55	-	-	-
Rental expense	a(ii)(b)	22.25	-	18.38	-
Recovery of Dues on account of expenses incurred	a(ii)(b), a(iii)	-	-	0.15	0.15
Donation	a(iii)	42.00	-	50.00	-
Investment purchased	a(i)(b)	10.00	-	-	-
Investment purchased	a(i)(a)	-	-	51.45	-
Dividend paid	a(ii)(a), a(ii)(b)	1,073.09		2,870.77	-
Salary	a(ii)(b)	0.40	-	1.44	(0.24)
Travel & Other expenditure incurred	a(ii)(a)	324.14	5.14	318.85	32.38
	a(ii)(b)	26.65	2.45	37.52	(0.29)
Contribution towards CSR Activities	a(iii)	858.00	-	695.00	-

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

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c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates..

36 DISCLOSURE IN RESPECT OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

(₹ in lacs)

	March 31, 2018		March 31, 2017	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	474.90	-	486.79	-
Interest paid by the Group in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	364.75	3.87	69.60	0.98
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-	-
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	-	-	-	-

37 ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III TO COMPANIES ACT 2013, OF ENTITIES CONSOLIDATED AS SUBSIDIARIES, ASSOCIATES, JOINT VENTURE AND OTHER CONTROLLED ENTITIES

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in lacs)	As % of consolidated profit or loss	Amount (₹ in lacs)	As % of consolidated profit or loss	Amount (₹ in lacs)	As % of consolidated profit or loss	Amount (₹ in lacs)
Parent								
PI Industries Ltd.	99.26%	191,060.85	99.71%	36,656.42	100.76%	(744.48)	99.69%	35,911.94
Subsidiaries Indian								
PI Life Science Ltd.	0.82%	1,575.85	0.37%	136.94	-0.01%	0.10	0.38%	137.04
PILL finance and investments Ltd	0.21%	400.57	0.07%	24.33	0.00%	-	0.07%	24.33
Subsidiaries Foreign							0.00%	-
PI Japan Ltd	0.08%	159.17	0.05%	18.01	-0.74%	5.48	0.07%	23.49
Associates								
Solinnos Agro Sciences Private Limited	0.03%	57.06	0.04%	14.87	0.00%	-	0.04%	14.87
Joint Venture								
PI Kumiai Private Limited	0.00%	4.90	0.00%	(0.10)	0.00%	-	0.00%	(0.10)
Controlled Trust								
PI ESOP Trust	-0.40%	(774.84)	-0.24%	(87.26)	0.00%	-	-0.24%	(87.26)
TOTAL	**100.00%**	**192,483.56**	**100.00%**	**36,763.21**	**100.00%**	**(738.90)**	**100.00%**	**36,024.31**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

38 FINANCIAL INSTRUMENTS

1 Financial instruments – Fair values and risk management

A. Financial instruments by category

(₹ in lacs)

	Notes	31 March 2018 FVTPL	31 March 2018 FVTOCI	31 March 2018 Amortised Cost	31 March 2017 FVTPL	31 March 2017 FVTOCI	31 March 2017 Amortised Cost
Financial assets							
Non-current assets							
Investments	7(a)	53.07	-	-	44.01	-	
Loans	7(c)	-	-	391.33	-	-	281.45
Derivative financial instruments designated as hedges	7(g)	-	98.12	-	-	-	-
Other financial asset	7(g)	-	-	528.38	-	-	560.25
Current assets							
Investments	7(b)	15,950.32	-	-	8,243.11	-	-
Trade receivables	7(d)	-	-	52,675.17	-	-	42,371.16
Cash and cash equivalents	7(e)	-	-	11,724.98	-	-	8,443.69
Bank balances other than cash	7(f)	-	-	1,343.71	-	-	4,820.20
Loans	7(c)	-	-	366.28	-	-	901.71
Derivative financial instruments designated as hedges	7(g)	-	1,016.38	-		2,985.00	-
Other financial asset	7(g)	-	-	1,312.46	-	-	989.31
		16,003.39	**1,114.50**	**68,342.31**	**8,287.12**	**2,985.00**	**58,367.77**
Financial liabilities							
Non-current liabilities							
Borrowings	15(a)	-	-	4,633.33	-	-	8,296.73
Other financial liabilities	15(c)	-	-	1,831.72	-	-	1,719.13
Current liabilities							
Trade payables	15(b)	-	-	36,866.26	-	-	28,778.51
Other financial liabilities	15(c)	-	-	21,435.93	-	-	22,279.57
TOTAL		**-**	**-**	**64,767.24**	**-**	**-**	**61,073.94**

B. Fair value hierarchy

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

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

(₹ in lacs)

	Notes	31 March 2018 Level 1	31 March 2018 Level 2	31 March 2018 Level 3	31 March 2017 Level 1	31 March 2017 Level 2	31 March 2017 Level 3
Financial assets							
Investment in equity instruments	7(a)	53.05	-	0.02	43.94	-	0.07
Investment in mutual funds	7(b)	15,950.32	-	-	8,243.11	-	-
Derivative financial instruments designated as hedges	7(g)	-	1,114.50	-	-	2,985.00	-
		16,003.37	**1,114.50**	**0.02**	**8,287.05**	**2,985.00**	**0.07**

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

(₹ in lacs)

	Notes	31 March 2018			31 March 2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	232.70	-	-	178.95
		-	**-**	**232.70**	**-**	**-**	**178.95**
Financial liabilities							
Security deposits from contractors	15(c)	-	-	39.04	-	-	42.83
		-	**-**	**39.04**	**-**	**-**	**42.83**

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

Fair value hierarchy

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

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

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

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

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

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

The fair values for security deposits (assets & liabilities) were calculated based on cash flows discounted using a current lending rate for liabilities and current borrowing rate for assets. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit.

39 FINANCIAL RISK MANAGEMENT

Risk management framework

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

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

i. **Credit risk**

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

Trade and other receivables

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

The Group has established a credit policy under which each customer is analysed individually for creditworthiness before the Group's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority.

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

The Group computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Group uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward looking information.

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

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

(₹ in lacs)

	31 March 2018	31 March 2017
Opening balance	2,135.11	1,797.15
Changes in loss allowance	591.06	337.96
Closing balance	**2,726.17**	**2,135.11**

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

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

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

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

Derivatives

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

Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognized represent the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2018 and March 31, 2017 was as follows:

(₹ in lacs)

	31 March 2018	31 March 2017
Trade receivables	52,675.17	42,371.16
Cash and cash equivalents	11,724.98	8,443.69
Bank balances other than above	1,343.71	4,820.20
Loans	757.61	1,183.16
Other financial assets	2,857.22	4,534.56
	69,358.69	**61,352.77**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

ii. Liquidity risk

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

Management monitors rolling forecast of Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

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

(₹ in lacs)

	31 March 2018	31 March 2017
Expiring within one year		
- Fund based (Floating rate)	18,500.00	18,499.80
- Non fund based (Fixed rate)	8,539.00	17,124.00

(b) Maturities of financial liabilities

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

(₹ in lacs)

March 31, 2018	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term loans from banks	8,379.64	931.07	2,793.21	3,724.29	931.07	-
Interest Accrue not due on Borrowings	24.27	24.27	-	-	-	-
Trade Payable (Due to micro and small enterprises)	474.90	474.90	-	-	-	-
Trade Payable (Other Trade Payables)	36,866.26	33,458.73	3,407.53	-	-	-
Employee payable	4,862.77	2,530.65	2,332.12	-	-	-
Security Deposits from Dealers	1,816.72	-	-	-	-	1,816.72
Security Deposits from Contractors	40.50	10.00	15.50	8.00	5.00	2.00
Unclaimed Dividend	58.63	58.63	-	-	-	-
Creditor's for Capital Purchases	2,386.73	2,385.00	1.73	-	-	-
Other Payable	10,372.84	2,041.95	8,330.89	-	-	-
TOTAL	**65,283.26**	**41,915.20**	**16,880.98**	**3,732.29**	**936.07**	**1,818.72**

	Contractual cash flows					
March 31, 2017	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term loans from banks	12,043.57	926.43	2,779.29	3,705.71	4,632.14	-
Interest Accrue not due on Borrowings	27.29	27.29	-	-	-	-
Trade Payable (Due to micro and small enterprises)	486.79	486.79	-	-	-	-
Trade Payable (Other Trade Payables)	28,291.72	24,126.81	4,164.91	-	-	-
Employee payable	4,044.52	2,038.12	2,006.40	-	-	-
Security Deposits from Dealers	1,701.63	-	-	-	-	1,701.63
Security Deposits from Contractors	44.75	16.25	11.00	14.50	1.00	2.00
Unclaimed Dividend	44.69	44.69	-	-	-	-
Creditor's for Capital Purchases	3,553.79	3,553.40	0.39	-	-	-
Other Payable	10,895.42	2,555.54	8,339.88	-	-	-
Total	**61,134.17**	**33,775.32**	**17,301.87**	**3,720.21**	**4,633.14**	**1,703.63**

iii. Market risk

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

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

Foreign Currency risk

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

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

The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales transaction, therefore the hedge ratio is 1:1. The Group's hedge policy allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective assessments to ensure that an economic relationship exists between the hedged item and the hedged instrument. The Group enters into hedge instruments where the critical terms of hedging instrument are aligned with terms of the hedged item. Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the value of the hedging instruments exceeds on an absolute basis the change in the value of the hedged item attributable to the hedged risk. Hedge ineffectiveness may arise due to the following:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Foreign currency risk exposure:

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 expressed in Indian Rupees (₹) are as below:

<u>Non derivative</u>

(₹ in lacs)

	March 31, 2018			
	USD	EURO	JPY	GBP
Financial assets				
Cash and cash equivalents (EEFC Account)	108.66	-	-	-
Trade receivables	29,281.17	1,116.87	252.14	-
	29,389.83	**1,116.87**	**252.14**	**-**
Financial liabilities				
Long term borrowings	8,379.64	-	-	-
Trade payables	7,453.65	-	89.30	2.83
	15,833.29	**-**	**89.30**	**2.83**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

	March 31, 2017			
	USD	**EURO**	**JPY**	**GBP**
Financial assets				
Cash and cash equivalents (EEFC Account)	10.09	-	-	-
Trade receivables	21,119.70	1,007.98	20.30	-
	21,129.79	**1,007.98**	**20.30**	**-**
Financial liabilities				
Borrowings (Term Loan)	12,043.57	-	-	-
Trade payables	8,823.49	19.07	29.04	0.63
	20,867.06	**19.07**	**29.04**	**0.63**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Impact of hedging, if any has not been considered here. A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

(₹ in lacs)

Effect in INR	**Profit or loss, net of tax**		**Impact on other components of equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
March 31, 2018				
1% movement				
USD	88.65	(88.65)	-	-
EUR	7.30	(7.30)	-	-
JPY (100)	106.48	(106.48)	-	-
GBP	(0.02)	0.02	-	-
TOTAL	**202.41**	**(202.41)**	**-**	**-**

(₹ in lacs)

Effect in INR	**Profit or loss, net of tax**		**Impact on other components of equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
March 31, 2017				
1% movement				
USD	1.72	(1.72)	-	-
EUR	6.47	(6.47)	-	-
JPY (100)	(5.71)	5.71	-	-
TOTAL	**2.47**	**(2.47)**	**-**	**-**

Interest rate risk

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

Exposure to interest rate risk

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

(₹ in lacs)

	March 31, 2018	**March 31, 2017**
Fixed-rate instruments		
Financial assets	11,519.62	12,873.65
	11,519.62	12,873.65
Variable-rate instruments		
Financial liabilities	8,338.52	11,983.34
	8,338.52	11,983.34
TOTAL	**19,858.14**	**24,856.99**

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Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

(₹ in lacs)

	Profit or loss		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2018				
Variable-rate instruments	(27.40)	27.40	-	-
Cash flow sensitivity (net)	**(27.40)**	**27.40**	**-**	**-**
March 31, 2017				
Variable-rate instruments	(39.38)	39.38	-	-
Cash flow sensitivity (net)	**(39.38)**	**39.38**	**-**	**-**

iv) Price risk

The Group's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk. Group reviews these mutual fund investments based on safety, liquidity and yield on regular basis.

v) Impact of Hedging activities

(i) Disclosure of hedge accounting on financial position

March 31, 2018

Type of hedge and risk	No. of outstanding contracts	Nominal Value (₹ in lacs)	Carrying value of hedging instrument * (₹ in lacs)	Maturity date	Hedge ratio	Weighted average strike price/rate
Foreign exchange forward contracts	121.00	98,866.36	1,114.50	April 2017 - March 2021	1:1	US$1: INR 67.94

March 31, 2017

Type of hedge and risk	No. of outstanding contracts	Nominal Value (₹ in lacs)	Carrying value of hedging instrument * (₹ in lacs)	Maturity date	Hedge ratio	Weighted average strike price/rate
Foreign exchange forward contracts	67.00	53,292.60	2,985.00	April 2017 - February 2018	1:1	US$1: INR 70.11

* Refer Note 7(g)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(ii) Disclosure of effects of hedge accounting on financial performance

(₹ in lacs)

March 31, 2018				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and loss**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	2,428.71	-	3,739.97	Revenue

(₹ in lacs)

March 31, 2017				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and loss**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	3,401.26	-	1,974.40	Revenue

(iii) Movement in the cash flow hedge reserve

(₹ in lacs)

Effective portion of Cash flow Hedges	Amount
As at April 01, 2016	420.50
Add: Effective portion of gains / (losses) on cash	3,401.26
Less: Amount reclassified to profit and loss account	1,974.40
Less: Deferred tax relating to above	493.81
As at March 31, 2017	**1,353.55**
Add: Changes in discounted spot element of foreign exchange forward contract	2,428.71
Less: Amount reclassified to profit and loss account	3,739.97
Less: Deferred tax relating to above	(453.80)
As at March 31, 2018	**496.09**

(iv) Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2018				
1% movement				
USD	-	-	646.51	(646.51)
March 31, 2017				
1% movement				
USD	-	-	348.49	(348.49)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(₹ in lacs)

40 CAPITAL MANAGEMENT

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

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

(₹ in lacs)

		As at March 31, 2018	As at March 31, 2017
Borrowings (Non-current)		4,633.33	8,296.73
Borrowings (Current)		3,705.19	3,686.61
Total Debt	A	8,338.52	11,983.34
Total Equity	B	192,483.56	162,717.85
Debt to Equity ratio	A/B	0.04	0.07

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

41 EVENTS AFTER REPORTING DATE

The board of Directors in the meeting held on May 15, 2018 have recommended final dividend for the year ended March 31, 2018 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 14 (B) for details.

42 ASSETS PLEDGED AS SECURITY

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

(₹ in lacs)

	As at March 31, 2018	As at March 31, 2017
First charge		
Property, plant and equipment	95,608.48	90,964.26
Floating charge		
Trade receivables	52,675.17	42,371.16
Inventories	45,200.51	43,194.58
Total	**193,484.16**	**176,530.00**

43 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers', and consequential amendments to other Ind AS. The amendments are applicable to the Group from April 01, 2018. The Group is currently evaluating the impact of the new standard.

This is the consolidated notes to accounts referred to our report of even date

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 15, 2018

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Sd/-
Mayank Singhal
Managing Director & CEO
DIN: 00006651

Sd/-
Subhash Anand
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

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