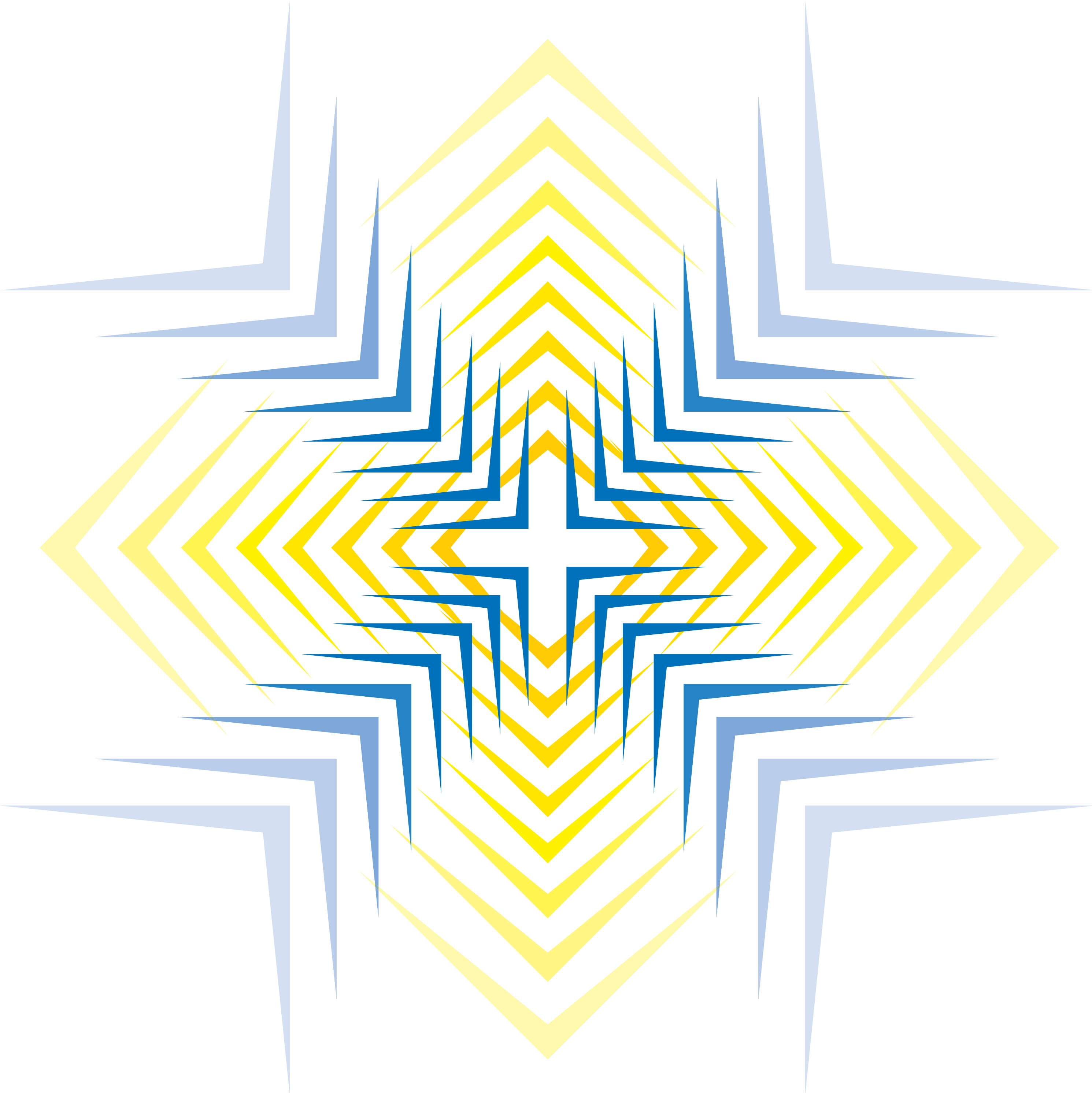
PI Industries Ltd.
Annual Report 2018-19

Inspired by Science



Deepening Technological Capabilities.
Opening New Horizons...

Inspired by Science

Our Investor Value Proposition

Strong Business Foundation

72Yrs

A rich business legacy of 72 years built on core values of Trust, Speed, Adaptability and Innovation

Global presence with strategic partnerships with globally renowned innovators including **KUMIAI** and **MCAG**

Best in class accreditations including Responsible Care, NABL, ISO 14001:2001, OHSAS 18001:2007, EcoVadis (Gold Category) and ISO 27001:2013 (Information Security)

Rich haul of recognitions for Innovation, Sustainable Development, Customer Service and Business Performance

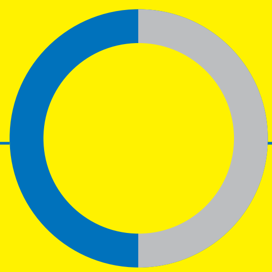
Presence across the agro-chemicals value chain – from molecule discovery to farm products and solutions

Unique Business Model

Among top-5 agro-chemicals distribution companies in India with significant brand salience and market share

A common talent pool and infrastructure engaged in developing knowledge, product and processes in complex chemistries

The largest Indian Agri-sciences company with **patented products contributing 95% of export revenues**



Twin business levers of **Domestic Brand Market & Export Market**

Multi-locational and world class manufacturing assets including **8 multi-products plants**

Technological Capabilities

A talent powerhouse

of about 350 scientists, process chemist and analytical chemists

Fully integrated operations spanning across process evaluation, bench scale trials, kilo lab, pilot plant and commercial production

Best in class Research & Development (R&D) center with R&D Lab, Pilot Lab and Kilo Lab

Centralised LIMS system for data and information management

Consistent Performance

400% dividend

consecutively over the last three years (FY17-FY19)

Governance and Sustainable Development deeply ingrained in the Business Ethos

Optimum capital structure with a strong balance sheet to support future growth engines including R&D

4-year CAGR (FY15-FY19) of **11.1% and 17.3% respectively for revenues and net profit**

₹ 1000 invested on 01 April 2013 would have grown to ₹ 8050 on 31 March 2019

Inspired by Science

Trust & Brand Equity

Decades-old trust of 2.5 million PI farmers

A promising bouquet of
market leading brands

Five of PI brands are top selling in their respective categories

Solution centric approach blends best farm practices with strong products

Pan-India distribution network with

10,000+ channel partners

Experienced and passionate leadership

Diversified board with
Independent Chairman

Best in class strong
Governance Framework

Leadership team
brings deep industry knowledge

Committed 2500+
workforce across functions

Deepening Technological Capabilities. Opening New Horizons...

Disrupt or get disrupted!

These four words present the shortest summary of what hundreds of businesses around the globe have been through in the last two decades. As disjointed as they could be – healthcare, education, banking, music, retail, media, films – a common thread that ran through has been TECHNOLOGY. Those who rode the technological wave engulfed the unawares. Disrupters won the race, leaving the disrupted ones a very little chance of fighting another day.

In our domain of complex, high end chemistry, many a challenges of tomorrow are staring at technology for viable solutions that are effective, scalable, affordable and also sustainable. Innovators across the globe are getting into technological collaborations across the entire chemical value chain with a common aim of shaping a better world. As an important constituent of this innovation club, at PI Industries, we are accelerating our technological advancement in order to play a much bigger role than what we would have envisaged for ourselves just a few years ago. The technological marathon that we embarked upon 2-3 years ago is helping us deepen our technological capabilities. As the run intensifies, we are starting to apply our steadily deepening expertise into few adjacent domains beyond agrochemicals with encouraging impact.

Fully conscious of our run being a marathon and hence also needing endurance besides obvious traits of skill and focus, we are intensifying our investments in Research & Development. Thanks to consistent strengthening of balance sheet and steady cash flows from operations, we are bolstering our wherewithal to cross the finish line. It's a matter of time that our deepening technological capabilities open newer avenues of sustained growth.

Contents

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.

Year in Numbers

Our Marquee Product
Nominee Gold completes 10 years

Revenue
₹ 28409
million (FY19)
v. ₹ 22771 million (FY18)
Growth of 25%

EBITDA
₹ 5731
million
v. ₹4920 million;
20.2% EBITDA Margins

Profit After Tax (PAT)
₹ 4077
million
v. ₹3665 million
14.4% PAT Margins

25+ Years
of Panoli
Manufacturing Unit

Milestone Revenue
₹ 1000+
Crores in
Domestic Business

2
New Product Launches
COSKO & FANTOM

3
New Molecules
Commercialized

We are PI Industries

OUR VISION

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

With roots dating back to 1946, we are PI Industries Limited - one of the fastest growing, globally integrated and highly innovative agri sciences solution providers in India.

Our offerings encompass the entire value chain – from R&D, to manufacturing, to last-mile distribution, to providing innovative solutions in the agri sciences industry.

With over seven decades of strong foundation, laid on the core values of Trust, Speed, Adaptability and Innovation, we firmly believe in the power of science, to make positive impact in the lives of millions. With our pursuit of excellence, we have been successful in providing complex chemistry solutions, resulting in some of the most iconic brands in the agri sciences space.

We have built strong technical capabilities in the areas of research and development, manufacturing services, brand building, wide distribution network in India and abroad, which helps us chart a unique path in value creation for all our stakeholders.

From our inception till date, we continue to leverage value-added offerings to millions of farmers in the country and across the globe, thereby creating a niche for ourselves in the market.

OUR 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

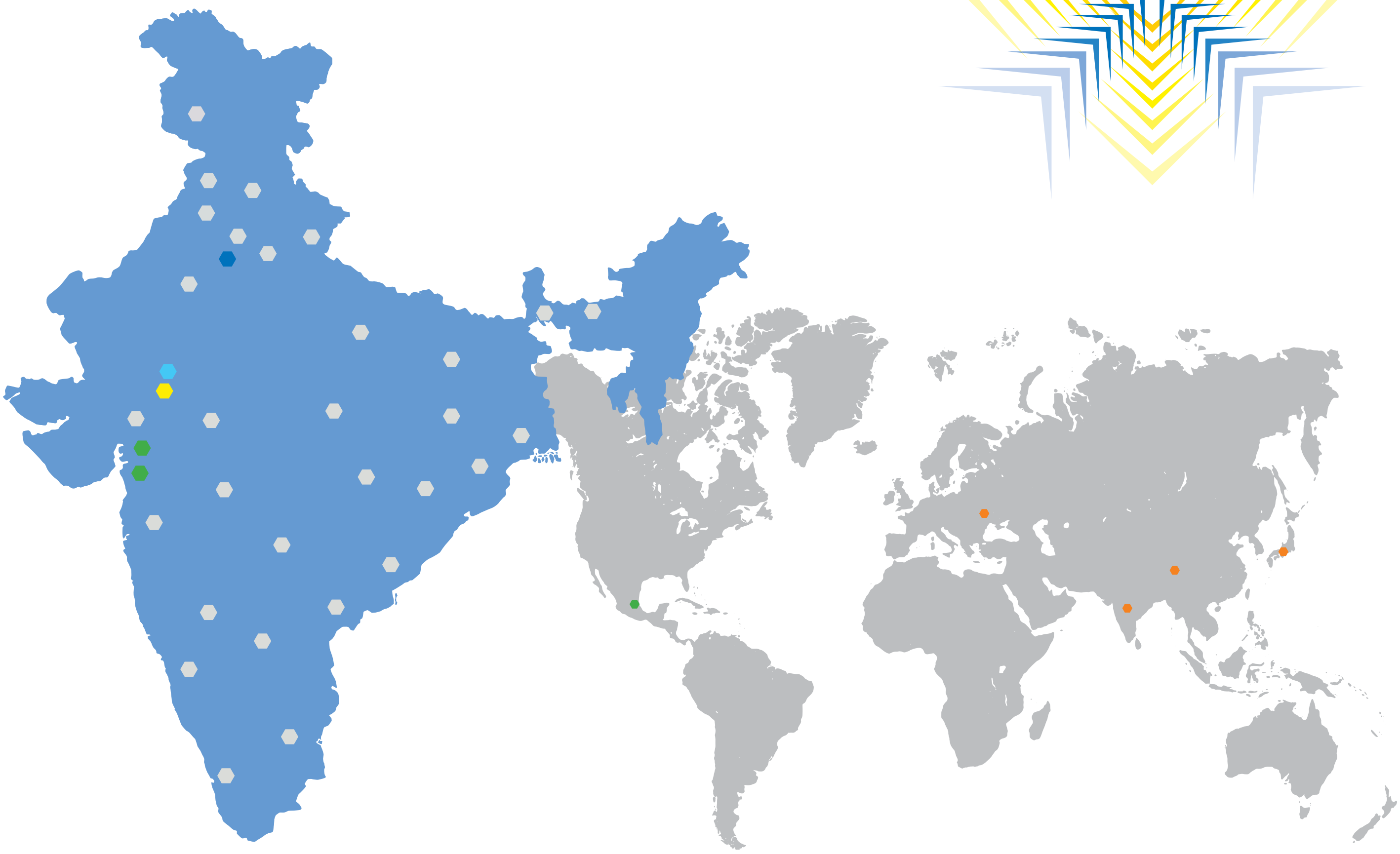
Constantly transforming ourselves like water, we are free flowing, adapting and highly responsive to change.

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 FOOTPRINTS



Global Offices · Registered Office · Corporate Office · R&D Centre · Manufacturing Units · Depots

84000+	Retails Points
10,000+	Channel Partners
04	Global Offices
03	Manufacturing Units
2,500+	People
30	Depots
06	Continents
30+	Countries

Key Milestones

A glance at our 72 year science-inspired, innovation led journey...

1946
- Founded as Mewar Oil & General Mills Ltd.

1961
- Started Ag Chem Formulation and Marketing

1976
- Started first Technical Manufacturing Plant

1989
- Company's name changed to Pesticide India Ltd.

1992
- Established Subsidiary as PILL Finance and Investments Ltd.
- Company's name changed to PI Industries Ltd.
- New manufacturing unit at Panoli, Gujarat

1993
- Company's shares got listed at BSE Ltd.

1996
- Started Custom Synthesis & Manufacturing

2001
- 1st Company in the Agchem to implement SAP

2004
- Established subsidiary as PI Life Science Research Ltd.
- Started new representative office in Shanghai, China

Year 2019 witnessed our entry into the vast field of agri solutions, with mechanised spray machines and services as our prime offerings

2007

- Established subsidiary as PI Japan Co. Ltd.

2010

- Divested Polymer Compounding business

2011

- Obtained GLP Certification
- Company's shares got listed at National Stock Exchange (NSE)

2012

- Established new Manufacturing site at Jambusar, Gujarat
- PI-Sony Research Initiative

2014

- Established Office in Germany

2015

- Technology upgrade to SAP Hana
- New Formulation site set up at Panoli, Gujarat

2016

- Solinnos Agro - a JV with Mitsui Chemicals Agro, Japan
- New R&D Centre at Udaipur
- 2 MPPs at Jambusar, Gujarat commissioned

2017

- PI Kumiai – a JV with Kumiai Chemicals, Japan

2018

- Recertification of ISO 14001:2015 and OHSAS 18001:2007
- ISO 27001:2013 certification for implementation of information security
- Entry into Sugarcane Crop Protection market with launch of COSKO
- The Iconic brand "NOMINEE GOLD" completes 10 years

2019

- Commissioning of multi product facility at Jambusar Site
- Entered in to agri-solutions like mechanised Spray Machines
- Silver Jubilee celebration of Panoli manufacturing unit

Inspired by Science

Snapshot FY19

Key events of the year

Lifetime Achievement Award To Mr. Salil Singhal

Mr. Salil Singhal, Chairman Emeritus, PI Industries Ltd. was conferred with the Lifetime Achievement Award at CNBC-AWAAZ Rajasthan Ratna Awards Ceremony held at The Lalit Hotel, Jaipur.

In the last few docades, Rajasthan has transformed into one of the most progressive states of India. Besides socio-economic development, there are individuals and organizations who have contributed to its abundant glory. CNBC-AWAAZ team, with their in depth research, identified outstanding contributors from across the state. Mr. Singhal emerged a clear winner for being instrumental in creating a positive image for the state with his exemplary work across different sectors

This year, we marked our entry into Sugarcane Protection with **Cosko** and strengthened our position in Rice and Chilli Protection with **Fantom**

SKOCH Award 2018 for Integrated Community Development

'Golden Peacock Environment Management' award for Panoli Unit

GOLD
2019
ecovadis
CSR Rating

Rated by EcoVadis in GOLD category for second consecutive year

bsi.

Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that:

PI Industries Ltd
5th Floor, Vipul Square
B Block, Sushant Lok
Phase I
Gurugram 122 009
Haryana
India

Holds Certificate No: IS 705836

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

The Information Security Management System at PI Industries Limited is applied in the field of Agri Sciences with the associated support functions R&D, CSM, Distribution services, Administration, Human Resources, Information Technology, Finance and Legal from its offices located at Gurugram (Gurgaon) and Udaipur.

This is in accordance with the Statement of Applicability V1.0 dated on 20th October 2018.

ISO 27001:2013 certification for implementation of information security

Milestone success-Revenues from Domestic business crossed ₹1,000 crores

Board Members visit the manufacturing facilities during February, 2019

PANOLI 25 2018

"People leave traces of themselves where they feel most comfortable, most worthwhile."

These words by the famous Japanese author, Haruki Murakami most closely describe the feeling at Panoli Silver Jubilee celebration week, if not perfectly.

Silver Jubilee of Panoli Plant-
A nostalgic journey

Founder's Day celebrations become double joyous!

Founder's Day continues to be a much-awaited event of our calendar. Celebrated in loving memory of our founder, Late Shri Rajpriye P.P. Singhal, the event renews the bonding of team PI besides aligning them with the organisational goals. Not surprising, the event is eagerly awaited by the management and staff alike.

Year 2019 brought a momentous milestone when our first manufacturing plant, the Panoli unit, clocked 25 years of operations. To mark this special occasion, we decided to double the joy by clubbing Panoli Unit's Silver Jubilee Celebration with our Founder's Day.

In a first for any of our manufacturing location, the entire Board and the leadership team of PI joined in to make the occasion memorable. With the employees from Vadodara and Jambusar also joining in, the celebration became the largest confluence of PI minds and spirit. Long serving employees of Panoli unit including those who have served the company in the past were invited for special recognition as the 'Veterans of Panoli'. Once the founders and pillars of Panoli plant 25 years ago, these veterans were overwhelmed by this emotive and humane gesture of the Company. Recognising the contribution, each of the veteranwash personally invited as a special guest for the event by our Managing Director and CEO, Mr. Mayank Singhal.

The fun-filled celebrations were thoroughly enjoyed by the employees and their family members. The presence of the Senior Management and the Board of Directors at the venue added to the festivities. Our Chairman Emeritus, Shri Salil Singhal got nostalgic while sharing memoirs of early times. His speech inspired not only veterans but also the new joiners. He also narrated some of the challenges that team faced during initial years and how they were successfully overcome.

The motivational speech by Mr. Mayank Singhal generated a new wave of passion amongst the team members. This was followed by a special evening programme - Ay Zindagi Gale Lagale, featuring one of the most celebrated speaker-writers of Gujarati language, Kaajal Oza Vidya. Special invitees from the local administration were also part of the 3000+ attendees. This connect, this feeling of togetherness as one unit, is very rare in today's digital era. The whole experience was something beyond the words could explain.

It was truly a celebration which PI family will remember for generations to come.

Financial Highlights

Key Figures ₹ Million

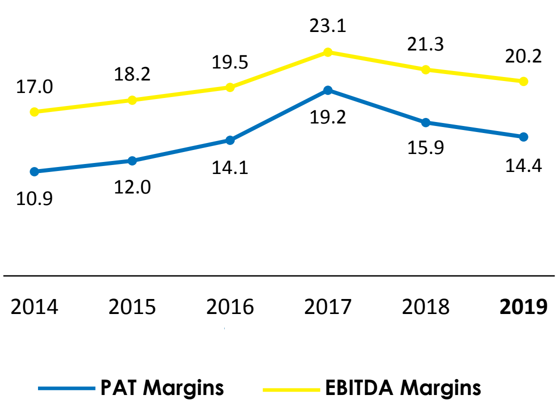
Year Ended March 31	**FY 19**	FY18	FY17	FY16	FY15	FY14
Revenue from operations *	**28,409**	23,087	23,829	21,973	20,325	16,806
EBITDA	5,731	4,920	5,505	4,294	3,700	2,856
Profit Before Tax	5,346	4,636	5,065	4,009	3,526	2,580
PAT	4,077	3,665	4,574	3,097	2,432	1,837
Net Fixed Assets	13,667	10,856	10,201	9,430	6,623	5,661
Cash Profit	5,003	4,491	5,300	3,634	2,924	2,151
EBITDA Margins (%)	20.2	21.3	23.1	19.5	18.2	17.0
PAT Margins (%)	14.4	15.9	19.2	14.1	12.0	10.9
ROE (%)	17.9	19.2	28.4	26.8	27.0	26.9
ROCE (%)	23.3	23.5	29.7	31.5	38.1	35.4
D/E Ratio (In times)	0.02	0.04	0.10	0.10	0.10	0.1
EPS (Face Value @ Re.1)(In ₹)	29.6	26.6	33.3	22.6	17.8	13.5
DPS (Face Value @ Re.1)(In ₹)	4.0	4.0	4.0	3.1	2.5	2.0

Balance Sheet Summary ₹ Million

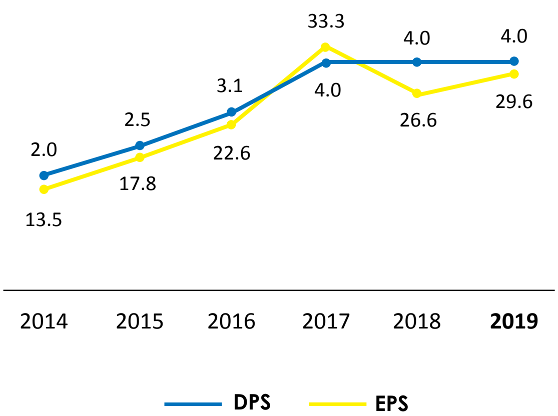
Year Ended March 31	**FY 19**	FY18	FY17	FY16	FY15	FY14
Non-Current Assets	14,573	11,629	10,769	9,911	7,260	5,812
Current Assets	16,874	14,521	12,062	9,438	8,887	7,279
Total	31,447	26,150	22,831	19,349	16,147	13,091
Shareholder's Funds	22,747	19,122	16,089	11,547	9,022	6,831
Non-Current Liabilities	578	879	1,229	1,885	754	1,131
Current Liabilities	8,122	6,149	5,513	5,917	6,371	5,129
Total	31,447	26,150	22,831	19,349	16,147	13,091

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

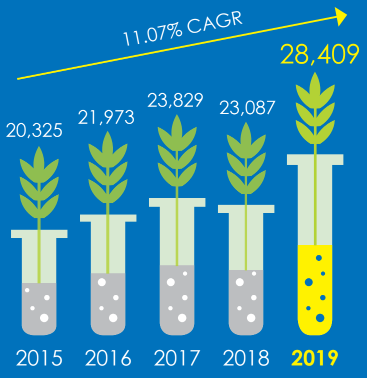
Profitability Margins (%)



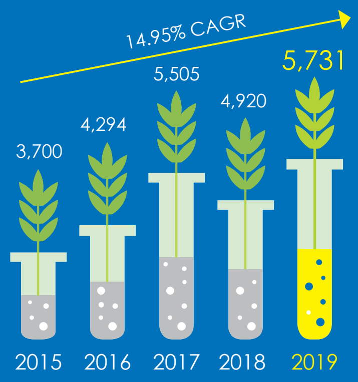
Per Share Earnings (Face Value @ ₹1) (In ₹)



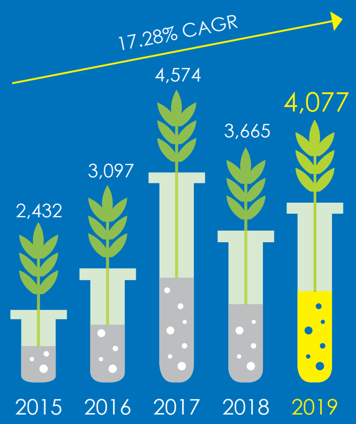
Revenue From Operations
(₹ Million)



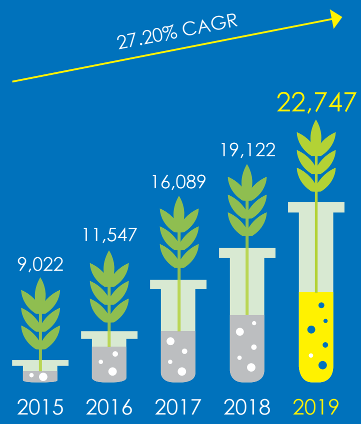
EBITDA
(₹ Million)



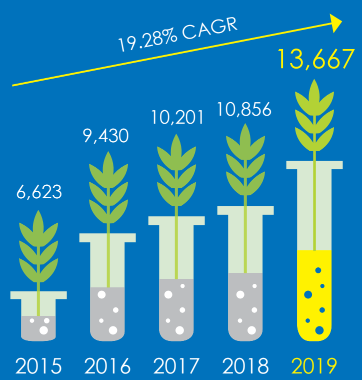
Net Profit
(₹ Million)



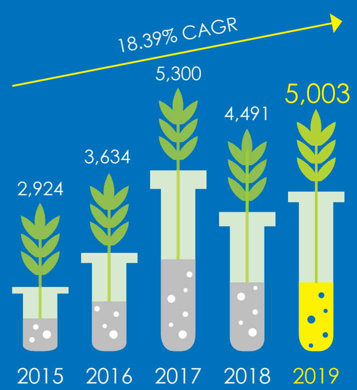
Net Worth
(₹ Million)



Net Fixed Assets
(₹ Million)



Cash Profit
(₹ Million)



Inspired by Science

Message from Chairman

"By understanding not only the needs, but also the pain points of Farmers innovative, comprehensive and sustainable solutions are seen to be the only way forward, and all energies of the entire organization are directed to delight PI's key end customers, the Farmers."

Dear Shareholders

I take this opportunity to share my perspectives on your Company's unsung hero, the Indian Farmer. Also, I would like to share how your Company is working to make him even more prosperous.

Ever since the green revolution the Indian Farmer has delivered, time and again, despite his huge dependency on irregular and uneven monsoons, poor infrastructure, and many other trials and tribulations. Today India's food security is largely due to the immense contribution made by the Indian Farmer. However, Farmers are now faced with increasingly new challenges and it is time for us to dwell on these to find new solutions for them and our nation's prosperity.

Managing quality of our soil is a key point to begin with. Past indiscriminate use of fertilizers and extremities of our weather pattern takes a huge toll on our land. We need to pay more attention in managing this invaluable asset. Our Government has recognized this, and the narrative now is on effective management and preservation of land as a resource. Soil testing has become the norm in many areas and is expected to become more so across all regions.

Paradoxically, water is scarce and is also in abundance! Bringing about a healthy and effective balance of water management is now a priority. We have seen large swathes of land submerged due to huge flooding, washing away not only the crop but also top soil. On the other hand, we have seen year after year of drought leading to erosion of land. With the substantial investment that the Government is embarking, our soil management, I believe will dramatically change.

Digital literacy along with the spread of broad band are key objectives of our new Government. With more and more villages and rural areas digitalized, information dissemination becomes easier and efficient. Audio and Video delivery of new farm techniques, information on products, crops and their potential pricing and many more critical inputs besides seeds, fertilizers and pesticides will make the farmer much more discerning and also demanding. Only with a demanding customer can we excel.

Mechanization and automation are not restricted to manufacturing alone but are increasingly being applied in farms. With more focus on bringing in mechanization there are new business models that are evolving whereby a farmer can use tillers, sprayers, harvesters, tractors, drones, and more to manage farms far more efficiently and not always be dependent on scarce human resources.

Markets for produce is now ever widening with improving 'farm to plate' supply chain processes. Large retail chains across the country, on-line grocers and many other channels are demanding more and high-quality produce to cater to increasing and expanding dietary needs of consumers.

Consumption patterns are changing with more emphasis on millets, vegetables, fruits and other horticultural products. Further, to enhance returns for farmers, there is concerted effort to increase exports, especially products peculiar to India and popular worldwide. These changes again require a re-think of the way farmers plan their crops.

Recognizing these and other trends, I am delighted to say that PI has walked the entire path a farmer needs to take and worked out comprehensive, efficient and sustainable solutions that would be required to fulfil Farmers' aspirations. We have gathered substantial information required for providing better, more effective and comprehensive solutions. We have established direct, multiple and multilingual communication channels with the farmers with a view to deliver appropriate and timely information to make the entire sowing to harvesting a lot more efficient. We have introduced mechanized spraying machines to enable safe, carefully directed and highly efficient spraying of product without being in direct contact. Our field personnel have been trained to coach and inform Farmers in the use of new and safer products for better protection and yields. We continue our efforts to bring in more solutions in many other areas, including working out partnerships and alliances for services that would be required by farmers.

Your Company's management, I am proud to say, is totally passionate about customer centricity and the Farmer is at the center of all that they do. By understanding not only the needs, but also the pain points of Farmers innovative, comprehensive and sustainable solutions are seen to be the only way forward, and all energies of the entire organization are directed to delight PI's key end customers, the Farmers.

I am deeply appreciative of the enormous contribution made by management and the wider team at PI in growing your Company from strength to strength. I also thank my fellow directors for their objective and candid input in making PI's governance outstanding at a time when many other hitherto illustrious businesses have fallen by the wayside. I would be totally amiss if I did not show my gratitude to all our other stakeholders including vendors, bankers, customers small and big, regulators, State and Central Governments, and last but not the least, you our shareholders.

With warm regards,
Narayan K. Seshadri

tête-à-tête with the Managing Director

> A sharper focus will now be on margin improvement. Our efforts on stabilizing the raw material with increased local sourcing and focusing on an appropriate product mix shall help us improve margins.

Mayank Singhal, our Managing Director and CEO places great emphasis on using the annual report to share his thoughts and vision to PI's stakeholders each year. Our interaction this year reflects upon the opportunities and initiatives that is expected to usher PI's business into a new realm. Presented below are excerpts from our conversation with Mayank Singhal.

AR Team: *Are you pleased with the way PI's performance has shaped up. Would you please take us through the Company's performance in financial year 2018-19 (FY19).*

Mayank Singhal:
Our performance in FY19 was in line with our targeted 25% growth. We were of the belief that global markets will revive and hence our exports would scale up. Our existing products and few new commercialization did well during FY19. Further, our domestic business outperformed primarily the result of our strong portfolio of high-performance brands. This performance was despite deficient monsoon.

From a review of the number and quality of product commercialization inquiries, I am confident that the Global demand scenario will be supportive for our exports and provide a significant uptick to sustain this momentum.

Our improved profitability was an outcome of planned product mix, effectively addressing supply chain challenges, and also minimizing impact of high prices of raw material sourced from China. The strong free cash flow generation from our operations puts us in a comfortable position to invest for future growth.

I am encouraged by the progress on our R&D front, scaling up of new technologies, progress on putting up new production capacity at Jambusar, product development and launch of new products in India. These will help in continued growth of the Company over several years.

AR Team: *You pre-empted our next question on FY19 growth drivers. What are your views on those and how do you see the operational performance transforming from here on?*

Mayank: My focus for the future is our consistency in delivery, absorbing and leveraging new technologies and ensuring adequate investments in building our capabilities for long term resilience of the Company. Whilst I appreciate that we need to take appropriate risks, I also am conservative in how I look at finances and leverage.

We have been meticulously strengthening our presence in key crops with the objective of boosting crop yields through impactful solutions. Our farmer solutions include mechanized sprayers, multipurpose drone applications and specific high impact products. The introduction of our crop spraying equipment has been a huge success and has helped the effectiveness of product portfolio. Further, our product promotion teams are using gaming techniques to promote a product like 'Osheen' with its huge potential.

On the export front, with higher plant utilization rates, increasing pace of commercialization of new products and adding newer capacities will result in delivering excellent performance as we grow. Technology usage is very pervasive across the organization. At our world class research facility, we are developing a number of novel and advanced chemistry platforms that will set new direction. We continue to make our existing manufacturing assets smarter by use of technology including IoT (internet of things).

With a firm belief of becoming a technology-enabled disrupter, we are fast realising our blueprint in a steady yet decisive fashion. Our fast paced technological advancements, in turn, would open newer growth avenues for us.

Our future is exciting, and we are investing ahead of time in building PI of tomorrow. While we will continue our focused efforts to grow in our existing areas of operations and achieve excellence, we are also exploring newer avenues for growth in the longer term. Our R&D efforts are expected to fuel not only agrochemical growth, but also a host of other speciality chemical domains.

AR Team: *That's really exciting to know, Mayank! Would you please share with our readers your views on what FY 20 has in store for us?*

Mayank: As I said earlier, the global demand scenario continues to firm up. So the export growth momentum shall continue. We will continue to prudently plan and build additional capacities to make the most of this momentum. In the domestic area, while a lot would depend on monsoons, I am confident about the power of our brands, improving customer engagement initiatives and smart marketing strategies to deliver growth. Some of the newer avenues that I talked of shall start to fructify towards the end of FY20.

A sharper focus will now be on margin improvement. Our efforts on stabilizing the raw material with increased local sourcing and focusing on an appropriate product mix shall help us improve margins. What will also help is the increasing operating leverage as manufacturing throughput increases with growing demand.

AR Team: *You have succinctly answered most of our questions. Allow us to close with an equally important one… Please share your perspectives on PI's framework of sustainable development and the progress made during the year?*

Mayank: PI's framework on sustainable development is to ensure inclusive growth that is socially, economically and environmentally sustainable. PI continuously does life cycle assessment of its products in order to reduce their environmental footprint through product stewardship initiatives. Using the triple bottom line approach our socioeconomic initiatives are driven with a focus of providing sustainable livelihood to the most marginalized sections of the society. Some of the key initiatives taken by PI include:--

- Economic empowerment of ~26K women through livelihood opportunities in Agriculture, Dairy & Animal Husbandry.
- Better lifestyle by providing improved healthcare facilities to ~92K Villagers.
- Employment to 600+ rural youth through employability linked skill training in areas such as Hospitality, Retail, BPO's etc.
- 35 % increase in class appropriate learning levels amongst 18K+ primary school children.

AR Team: That brings us to the end of this session. Thank you very much, Mayank for this candid tête-à-tête. We are sure of taking up relevant questions that our readers would have liked our Managing Director & CEO to answer. Do share your feedback and/or questions that you would like Mayank to answer in his next session. Write to us at investor@piind.com

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 AstraZeneca Pharma India Ltd. He serves on the Boards of 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., The Clearing Corporation of India Ltd., Kritdeep Properties Pvt. Ltd. (Formerly known as Chanel Estates Pvt. Ltd.), Clearcorp Dealing Systems (India) Ltd., CG Power and Industrial Solutions Ltd., and TVS Electronics 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., TP Buildtech Pvt. Ltd. Fratelli Wines Pvt. Ltd. and CropLife India.

Mr. Rajnish Sarna

Executive Director
DIN : 06429468

Mr. Rajnish Sarna is a qualified Chartered Accountant and has a diverse experience of over 28 years in the areas of Business Development & Strategy, Customer Relationship Mgt., Operations, Finance, Risk Mgt, Legal Contracting & Compliances, Investor relations, Information Technology and Process Reengineering, etc. He has been associated with PI for nearly 23 years responsible for the overall transformation of the Company over the last several years by managing numerous portfolios from Finance, IT, Business Development, CSM Operations and Merger & Acquisition related activities. His current role is focused on identifying new business opportunities, Mergers & Acquisitions, evaluate and execute such possibilities apart from various other strategic initiatives, Investor relations, handling joint-ventures and key customer relationships on behalf of the Company and also as Chief Investor Relation Officer. He is currently on the Board of PI Life Science Research Ltd., PILL Finance and Investment Ltd., Solinnos Agro Sciences Pvt. Ltd. and PI Kumiai Pvt. Ltd.

Dr. Raman Ramachandran

Executive Director
DIN : 00200297

Dr. Ramachandran, a Ph.D from the University of Adelaide and an MSc. in Agriculture from the Indian Agricultural Research Institute, New Delhi, was until recently the Chairman & Managing Director of BASF India and Head of the BASF legal entities in South Asia (India, Pakistan, Bangladesh and Sri Lanka). During his stint of nearly two decades with global chemicals major, Dr. Ramachandran held many positions of responsibility and led the strategic evolution of the Company as a leader in the agricultural products business across the Asia Pacific region. He was a member of the Company's Executive Committee of the Global Agricultural Products Division and its Global R&D Steering Committee. Dr. Ramachandran was a member of the Asia Pacific Business Board and Vice-President, Crop Life Asia.

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., Wolkem Lime Ltd., Wolkem Talc Pvt. Ltd. Mynores India Pvt. Ltd., Wolkem Omega Minerals India Pvt. Ltd., Skill Council for Mining Sector and Federation of India Mineral Industries. Mr. Arvind Singhal has been actively associated with business chambers like CII, FICCI and ASSOCHAM etc. 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.

Dr T.S. Balganesh

Independent Director
DIN : 00648534

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.

Mrs. Ramni Nirula

Independent Director
DIN : 00015330

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 Utkarsh Coreinvest Ltd., DCM Shriram Ltd., Eveready Industries India Ltd., McLeod Russel India Ltd., CG Power and Industrial Solutions Ltd. and HEG Ltd.

Mr. Pravin K. Laheri

Independent Director
DIN : 00499080

Mr. Pravin K. Laheri (IAS, Retd., Gujarat cadre) has studied at the St. Xavier's College and Government Law College, Mumbai. He joined the Indian Railways in 1967 and the Indian Administrative Services in 1969. 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, Principal Secretary (Rural Development, Information etc.) and Chief Secretary. He was CMD of Sardar Sarovar Narmada Nigam Limited. Mr. Laheri also serves on the Board of Gujarat Pipavav Port 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.

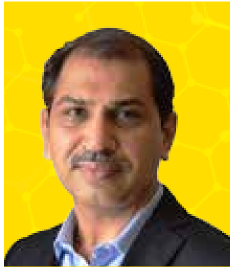
Inspired by Science

Our Leadership Team

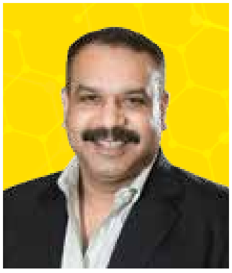
Dr. K.V.S. Ram Rao
CEO – CSM Business

Mr. Devendra Kumar Ray
President & Head-Mfg Strategy

Mr. Sankar Ramamurthy
Chief People Officer



Mr. Subhash Anand
Chief Financial Officer



Mr. Samir Dhaga
Chief Information Officer

Dr Atul Gupta
Sr. Vice President-Head Operation

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

Mr. Sushil Kharakwal
Sr. Vice President-EHS

Mr. Dushyant Sood
Sr. Vice President-Agri Inputs

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
Executive Director

Dr. Raman Ramachandran
(w.e.f. 01.07.2019)
Executive Director

Mr. Pravin K. Laheri
Independent Director

Ms. Ramni Nirula
Independent Director

Mr. Ravi Narain (till 01.5.2019)
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
Citibank N.A.
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 Fintech Pvt. Ltd.
(Formerly known as Karvy Computershare Private Ltd.)
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
Fax No. 091 40 2300 1153
E-mail ID: einward.ris@karvy.com
Website: www.karvyfintech.com

Share Department

5th Floor, Vipul Square, B-Block,
Sushant Lok Phase-I,
Gurugram – 122 009 Haryana, India

Corporate Identity Number (CIN)
L24211RJ1946PLC000469

Our Human Capital

During the year under review, we augmented our workforce, by welcoming 669 new employees across all businesses, functions and locations. 30% of our work force is under 30 years of age and 40% of our work force are post-graduates and above. With a view to enhancing capability and making the organisation future ready, special emphasis was placed on upgrading the level and quality of learning and development initiatives.

The **Learning Management Solution** launched during the year enables employees to own and take charge of their learning. Participation levels and feedback helps management calibrate and make adjustments to the curricula and its deployment. In addition, embracing technology, we added 104 e-learning courses to the LMS platform, providing employees a rich cornucopia of programmes to choose from, tailored to their needs. These were supplemented by structured management development and leadership development programmes.

With a repeatedly to systematically identifying and developing the next generation of leaders, a structured **Talent Review** was conducted for senior management personnel across businesses. The review focused on the strengths, development areas and potential of the target personnel and identified action plans for each of them. Inputs from this review were used in the succession planning process.

Demonstrating that "we care", our company launched a holistic wellness initiative for employees and their families focusing on their physical, mental and emotional well-being. Programmes were held throughout the year in accordance with a pre-published wellness calendar

Demonstrating that **"we care"**, our company launched a holistic wellness initiative for employees and their families focusing on their physical, mental and emotional well-being. Programmes were held throughout the year in accordance with a pre-published **wellness calendar**. The stepathlon competition launched during the year saw enthusiastic participation. This was supplemented by health camps, yoga sessions and fitness programs, all of which were well received.

Communication is a key element in employee engagement and employee town halls were held to cascade the company's vision, strategy and performance

Other employee-friendly measures launched during the year included

- Advancing the pay day from the 5th to the 1st working day of the month, by recasting the payroll processing schedule
- Restructuring sales incentives to better align it with industry practice; our financial results testify to the success of this initiative
- Advancing the dates of completion and appraisals and increments

Technology is and will be a key game-changer and we are an industry leader in the use of technology to drive efficiency and performance. In the field of HR, the year saw the continued implementation of HR solutions through Success Factors and improvements to the modules implemented in earlier years. Not all technology initiatives need to be big and glamorous. By the simple expedient of introducing electronic increment letters, not only did we ensure quicker transmission to employees but also contributed to the environment by saving copious quantities of paper. To provide our visitors a richer visitor experience at our offices and plants, a new tech-enabled visitor management system was launched during the year.

While much has been done, we are acutely conscious of the fact that much remains to be done to make us a leading employer. We are committed to intensifying our efforts in the coming years to achieve this objective.

Employee Engagement

Annual Meet

Founder's Day

Fire Service Day

Christmas

"We believe that employees are our most important assets and to keep them motivated is our responsibility. At PI, we practice a healthy work-life balance. Nothing is as motivating as a team member coming together as one team – be it a festival or sports event or an organisation-wide meet."


Annual Meet


Independence day


Yoga Day


Eye Check-up

"It has been woven in our DNA, to celebrate festivals, take care of our teams through various health check-ups and fitness initiatives. Above, some of the glimpses into life at PI and how our team members celebrate, being at PI."

Sustainability

At PI Industries Ltd. sustainability is viewed as being socially conscious and proactive while maintaining leadership position in the business and delivering value added products and services to our customers. The company has always strived to measure its performance against the triple bottom line framework i.e. economic, social & environmental parameters. Each project that is undertaken goes through a rigorous methodology of assessment that delves not only on the cost benefit aspect but also on the social & environmental benefit aspect.

The business case for sustainability is being increasingly accepted. There is also growing evidence that consumers are favourably inclined towards brands and companies that have a compelling agenda on sustainability. The company is making constant efforts to ensure that sustainability is imbibed at every step of decision making throughout its entire value chain.

The ever-increasing stress on natural resources necessitates the need for organizations to adhere to the 4R (Reduce, Recycle, Reuse & Recover) principles in their operations. The company is no stranger to this concept and has always put in the best foot forward to adhere to the strictures of these principles. India being water stressed nation, it becomes necessary in the interest of the nation to conserve, reduce & recycle water. At PI industries manufacturing locations various measures, like reducing the water usage in product manufacturing, recycling the water in cooling towers by increasing the cycle of concentration, recycling of MEE condensate in cooling towers, reusing the treated waste water for drum decontamination & cleaning purposes, conserving rain water etc. is being actively practiced. The company is constantly on the hunt of newer technologies that will help it in reducing its water footprint.

A case in point is the evaluation of cooling tower water treatment system with the help of electro-coagulation wherein it's possible to operate cooling towers at higher levels of TDS & conductivity, thereby reducing the blowdown quantity and make-up water requirement. Energy is another area wherein the company has invested its resources to bring continuous improvement in efficiency. A committee has been constituted to identify and spearhead various initiatives on the energy front.

Initiatives include waste heat recovery from boilers & incinerators, providing VFD on pumps, replacing Metal Halide lamps, CFL, Mercury vapour lamps with energy efficient LED lamps, replacing inefficient motors etc. These initiatives not only help the company to reduce the energy intensity but also have a profound impact on the direct carbon footprint. Besides these fronts the company is actively involved in reducing the waste output from each product by various measures like stripping of waste streams to recover solvent, enzyme-based treatment for reducing specific pollutant, recycling of solvents etc. These measures have helped the company to increase its sustainability quotient.

Safety is integral to the operations of the company. The company invests heavily in terms of efforts & resources in ensuring that its operations are safe. Over the years the company has steadily & continuously improved on its concept of safety. Every new process that is brought into the company goes through both qualitative and quantitative assessment to ascertain the level of risk involved and the safeguards that needs to be deployed to make it safe. PHA (Process Hazard Analysis), PSSR (Pre Start up Safety Review) MOC (Management of Change), Contractor Safety & Training are the key process safety elements that the company has focussed upon.

To improve upon the safety culture among its cadre, the company is conducting Behaviour Based Safety (BBS) program. To address the safety requirements of the large contractual workforce employed at its premise, it has developed customized training videos and modules. External resources have been hired to provide impetus to the safety vision of the company. The company keeps a tab on its leading and lagging indicators and accordingly devices corrective and preventive actions. To ensure the healthiness of the systems the company conducts regular internal and external audits.

GOLD 2019 ecovadis CSR Rating

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Timely certifications & testing of equipment's/instruments form a part of the safety protocol adopted by the company. The company conducts regular workplace monitoring to ensure that it provides a safe work haven for its employees. The company recognizes human asset as its biggest strength and to ensure the well being of its workforce it conducts, regular health check-ups, motivational programs, trainings, mock drills etc. The company strictly adheres to the mantra "Safety overrides all Production Targets"

As stated earlier, employees are at the core of the business and their involvement is necessary for the long term stability of the company. It's necessary to take into consideration the perspective of the employee for carrying out the operations successfully & efficiently.

Employees have been provided a platform for ideation. Ideas that find merit are adopted and the employee is rewarded handsomely. During the year the employees celebrated, "Safety Week", Fire Safety Day & World Environment Day with great fanfare. Different programs ranging from quiz competition, slogan completion, spot the hazard completion, tree plantation etc. were carried out.

The company has always conducted its business in a transparent & sustainable manner and it has made all possible efforts to voluntary declare its intentions. It has voluntarily published its first Communication on Progress (COP) under the United Nations Global Compact initiative (UNGC). Under "Together for Sustainability" it has registered with ECOVADIS, an agency that rates supplier companies based on their reported sustainability parameters within the ambit of supply chain. The Company has yet again been rated as "GOLD" category supplier with a score of 67 points out of total 100. This is an improvement over its last year's score of 62. Thus company has moved to an advance category of suppliers within the domain of CSR performance where there are only 9 suppliers out of a total of 171 registered suppliers worldwide. The company attained an impressive score of 80 out of a possible 100 which places it among the top two suppliers in the "Safety, Labour & Human Rights" vertical, worldwide. Overall, the company is among the top 7 supplier companies globally from a group of 171 registered suppliers in the Pesticides & other agrochemical sector.

During the year the company subjected itself for audit under the "Responsible Care" program. In the audit the company was lauded for its efforts in the field of sustainability and was granted the right to use the "Responsible Care" logo for an extended period of 3 years.

In the year gone by, the company was lauded for its efforts in the filed of sustainability. It had applied for Frost & Sullivan & TERI Sustainability 4.0 Awards. The objective of this award is to identify companies that are well equipped to respond to the emerging opportunities and risks resulting from the sustainability trends. The company was awarded the Certificate of Merit- Safety Excellence for its all round performance.

During the same period the company won the prestigious Golden Peacock Environment Management award for its Panoli unit. The coveted award is in recognition of the significant achievements in the field of Environment Management. It is indeed a proud moment for the company to have received this award for the third time. Previously, it had won for the manufacturing sites at Jambusar and Panoli in 2015 and 2016 respectively.

The company keeps challenging itself and is moving from strength to strength in its journey towards sustainability. It aspires to be a role model for sustainable operations not only in the Agrochemical sector but the entire chemical spectrum.

Corporate Social Responsibility

PI through its Corporate Social Responsibility has been incessantly improving its reach for enhancing the social and economic well being of the underprivileged and marginalized sections of the society. We strive to create a positive difference by bringing meaningful change across the less privileged communities, through a targeted, integrated and environmentally sustainable approach.

Using the Triple Bottom line framework, we seek to uplift the socio-economic conditions of the target communities. This has benefited farmers and marginalized population around our plant locations, and work locations across the country.

We support a cohesive approach to sustainability in all our decisions and work processes. We seek to regularly review and improve upon the process of new technology development, incorporating social, ethical and environmental considerations. Through continuous life cycle assessment of our products we emphasize reducing our environmental footprint by bringing the principle of product stewardship in our approach. In addition, we discharge our corporate social responsibility through various interventions that help address the most arduous challenges in socio-economic development of the community. The Company engages with the society through PI Foundation to leverage its CSR activities for inclusive growth.

The Company's CSR activities during the year initiatives included:-

ENVIRONMENTAL SUSTAINABILITY

Over 6.84 lac farmers benefited through leading agronomic practices thus saving over 1.51 Trillion Litres of water through the adoption of Direct Seeding of Rice (DSR) technique.

PI has been continuously striving to the optimization of sustainable agricultural potential and its uptake through science led approach. PI has conducted farmers training, field demonstration and farm extension programmes on leading agronomic practices that have enhanced economic returns to the farmers, while protecting the environment and conserving the natural resources.

Our propagation of the DSR technique has impacted over 69.47 Lac Acres of farm land thereby saving up to 1.51 trillion litres of water. Adoption also helped in saving an average of INR 6,184 / farmer / Acre in the cost of paddy cultivation

We have provided better livelihood opportunity for small and marginal farmers through improved agriculture around a fully functional Food park in Khargone (Madhya Pradesh). The Programme has benefited over 4000 farmers from 180 villages in the area.

Our "Mobile Crop Clinic" Project has created awareness on zero tillage, nutrient deficiency and Soil health and drip irrigation in crops across 40 villages of Samastipur district of Bihar which has benefited 11,247 farmers during the current FY.

In addition to this, we have also participated in educating and equipping around 30,000 farmers with alternative technologies to burning stubble and have been instrumental in contributing towards the betterment of air quality.

HEALTH, HYGIENE AND SANITATION:

Total 91,439 villagers were treated through our "SWASTHYA seva" initiative and over 570 toilets set up in schools & households.

High cost of medical services in rural & remote areas has been a major challenge faced by the inhabitants leading to elevated mortality rates in the region.

PI's healthcare programmes have helped promote preventive and curative healthcare to more than 90,000 rural people by taking measures to ensure last mile coverage.

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 underprivileged people, including women, the elderly and children. "Swasthya Seva" was initiated under the National Health Mission Project aimed at improving the health entitlements to the villagers in remote villages of Jambusar with the help of 3 Mobile Health units and provided services like prevention, treatment, immunization & counselling on health issues. In order to ensure successful adoption of these initiatives, the village development communities were empowered to decide on the timing, location and eligibility to access these services. This resulted in tremendous success in administering vaccinations against diseases such as Polio, TB and DPT.

Major noted outcomes have been in Increased Health seeking behavior amongst the community in 64 Villages of Jambusar, Gujarat and thereby reduction of Primary health-care issues in the project intervention area.

In addition, 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 households and school toilets have been set up. Through this program, we have sensitized 15,000 people comprising teachers, children and the villagers to the importance of sanitation and hygiene in promoting good health and preventive illness.

As part of preventive health-care programme PI initiated to set-up blood bank with the Rotary Ankleshwar Healthcare Society in Ankleshwar, Gujarat. The Blood Bank will be fully functional within six months and will serve over 50,000 vulnerable populations living in and around 15-20 sq. km of the national highway.

EDUCATION AND SKILL DEVELOPMENT

Over 12,000 Govt. School Children across 125 Schools benefited from our Learning Enhancement programme and 650 youth gained employment through Skill Development Programmes.

We strongly believe that education is the passport to a better future.

PI has undertaken an education initiative whereby around 6,000 children across various government schools were taught reading, writing, comprehension and arithmetic. To promote comprehensive learning, our mobile education van has been imparting learning to the last mile through interactive techniques. The students have shown a 35% increase in class appropriate learning levels and >75% Decrease in school absenteeism in our project area.

We have also imparted employment linked skill-development courses on chemical plant operations, BPO, sales & Marketing and Hospitality in Gujrat, and Agri-skill development programmes in AP, Karnataka and Telangana. These courses have helped more than 650 Youth gain employment in organized sector jobs.

In addition, we have also signed MOUs with various reputed institutions to initiate livelihood promotion through employability linked Skill Training Programmes. These programmes aim at Skilling the rural youth belonging to weaker sections of the society, so that they can be gainfully employed by the Agri. and allied Industries.

WOMEN EMPOWERMENT

Improvement in the livelihood of >5,000 women members & their families through Entrepreneurship and skills enhancement.

Women across rural India are generally financially dependent on their male-counterparts and other family members, majorly due to lack of literacy and education. This inhibits families to realize their fullest earning potential.

To overcome this challenge, we initiated an Entrepreneurship and skill enhancement programme for underprivileged rural women. The programme has benefited over 5000 women across 75 villages in Jambusar region of Gujrat in the current financial year. The programme involves formation of Self Help groups with facilitating opening of bank accounts, skill development and training programmes across the dairy, agriculture and micro-enterprises.

During the current FY, we have achieved the formation of new Self Help groups with the opening of bank accounts covering 2,500 women members and strengthening of 20 existing Self Help Groups with 334 women members. An Amount totaling more than INR 50 Lakh was mobilized for SHG members through bank.

RURAL INFRASTRUCTURE DEVELOPMENT

Strengthened rural infrastructure by electrifying streets in rural villages

Infrastructure services including power, transport, provision of water & sanitation, and safe disposal of wastes are central to the activities of rural households. Several public-private initiatives for infrastructure development have enabled a progress in facilitating better infrastructure across rural India. However, due to differential performance across states there are numbers of villages still lagging behind.

PI has provisioned for rural electricity by providing suitable, sustainable and efficient LED Street lights in Keshampet village of Telangana. The project has significantly helped the poor villagers in travelling long distances from their agricultural fields during dark. Owing to the lighting, women are now able to work safely and efficiently even after the sunset.

In addition, we have also identified a dearth of basic sanitary facilities in the villages surrounding our plant locations. And owing to this deficiency, we have also taken up the responsibility to develop and strengthen the sewage system, thereby contributing to the hygiene and cleanliness of the village.

Donate to Educate

A drive to collect school-related material (e.g. stationery, school uniform, clothing, school bags, water bottles, textbooks, storybooks, games, toys etc.) was organized to help underprivileged children in far-flung villages. PI's employees donated generously and came forward as volunteers – once again demonstrating our collective commitment to reach out to the less fortunate.

These initiatives ensure that PI Industries give back more than what it has received to the community, to the society at large, making the growth inclusive for all stakeholders.

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

The Global economic activity witnessed strong growth in 2017 and early 2018. The second half of 2018, however witnessed a decline, engendered by the convergence of multiple factors that affected major economies. As per the report of World Economic Outlook by IMF, global growth is estimated to slow down from 3.6% in 2018 to 3.2% in 2019.

Due to weak consumer and business confidence, following the Brexit uncertainty and a downtrend in the automobile industry in Germany, there was a slowdown in the Euro area. GDP grew by 1.9% in 2018, as against 2.4% in prior year. Going forward, growth is expected to slow down to 1.3% in 2019.

Natural disasters slowed down economic activity in Japan. Growth almost halved to 0.8% in 2018, from 1.9% in 2017. It is expected that Japanese growth would remain flattish to 0.9% in 2019. Overall, the economic growth of the developed economies remained weak. The advanced economies declined to 2.2% in 2018, from 2.4% in 2017. Growth is expected to decline to 1.9% in 2019.

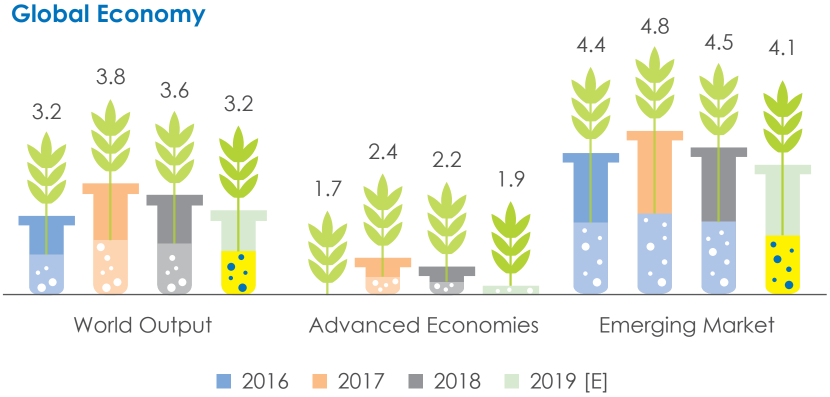
There has been trade tensions between US and China, which took a toll on the business confidence. US market, however grew by 2.9% in 2018 from 2.2% in 2017, on creation of more jobs and the resultant increase in purchasing power. The market sentiment however got affected, as financial conditions cramped in emerging markets. China's growth slowed down due to regulatory tightening in banking. China also suffered, due to economic sanctions imposed by the US. The outlook for emerging Asia has continued to be favourable. China's growth is slowing from 6.8% in 2017 to 6.6% in 2018. Further, it is estimated to slow-down to 6.2% in 2019.

The emerging market and developing economies in 2018 witnessed a decline to 4.5% from 4.8% in the prior year. In 2019 it is expected to grow by 4.1%.

INDIAN ECONOMIC OVERVIEW

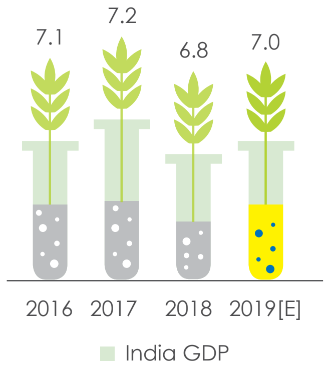
Indian economy grew by 6.8% in 2018, compared to 7.2% in the earlier year. The economic growth in the India is expected to rise by 7.0% in 2019, aptly supported by continued recovery in investments. The downward revision of 0.3% for both years reflects a weaker-than-expected outlook for domestic demand.

Global Economy



Source: WEO, Report 2019

India GDP



Source: WEO, Reprot 2019

The prime reason for a decline in growth for Indian market, is due to major downside in exports from India. Although food inflation is expected to remain low, however these lower prices are expected to negatively impact the rural income.

India continues to implement structural and financial sector reforms. This shall decrease public debt and also secure the economy's growth prospects. To strengthen financial sector balance sheets, important measures are taken which includes, accelerated resolution of non-performing assets under a simplified bankruptcy framework. These techniques are reinforced by governance of public sector banks.

AGRICULTURE SCENARIO

Global Agricultural Sector Overview

2018 has been a year of mixed sentiments for the agricultural sector globally. While, the agricultural commodity prices witnessed a rise in early 2018, the second half saw them weakening significantly.

Latin American markets remain a bright spot, with demand revival marked by over 25% higher cotton acreage in Brazil. Going forward, momentum is expected to be maintained, with increase in soybean acreage, wheat sowing in Argentina and normalization of inventories, ultimately leading to robust demand for insecticides.

The European market was affected with decrease in agrochemical consumption due to delayed sowing and draught-like conditions. North American corn acreage in 2019 is expected to be boosting growth. However, the uncertainty still mounts over US-China trade tensions, resulting in weakened soyabean prices. Asia Pacific is expected to have a normal monsoon for 2019, in turn boosting demand, leading to higher growth.

In 2016, the world agrochemicals market was valued at 215.18 bn USD. A growth of 4.1% CAGR is expected by 2025, valued at 308.92 bn USD.

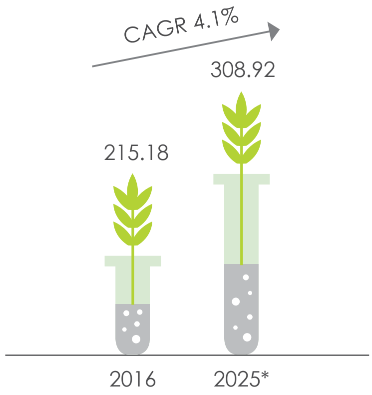
The main demand driver for agrochemicals, is the expanding global population. As per estimates by Roland Berger, agrochemicals sales are expected to grow by up to 2% per year over global GDP until 2035. Considering the rate of growth, the sector would likely be among the fastest growing parts of chemical industry. According to the World Bank, the prices for most soft commodities are expected to rise next year and beyond, which is typically a positive sign for agrochemicals suppliers.

Crop protection chemicals are expected to grow at a CAGR of 5.5% from 2017 to 2025, in terms of revenue. This is due to the rising occurrences of pest and rodent attacks and crop damages.

In terms of value, oilseeds and pulses which have high protein content, are expected to grow at the highest CAGR of 4.9% from 2017 to 2025.

The application of fertilisers could grow by up to 5% a year until 2022, according to the International

Worldwide agrochemical market value in 2016 and 2025 (in billion U.S. dollars)



Fertilisers Association. The global crop protection market is expected to increase by more than 6% in the same period.

In addition, with fertiliser prices currently high, farmers are switching spending to crop protection, with the partial exception of specialty fertilisers which control the amount of moisture contact with soil and for which demand should remain strong. Farmers may switch increasingly to specialty fertilisers from less effective mineral fertilisers.

INDIAN AGRICULTURAL SECTOR OVERVIEW

Indian agriculture witnessed a downtrend in sowings during both Kharif and Rabi seasons, due to below normal South West Monsoons and deficit North East monsoons, respectively. The ongoing Rabi season, especially witnessed less sowing, which was the prime reason for increase in prices for all key crops – wheat, paddy, cotton, maize, chana and soyabean. Sugarcane, being the only exception to this. Combined with an increase in Minimum Support Prices (MSPs) by the Government, the farm incomes are expected to get some amount of boost. The MSPs announced during the year have been fixed with an objective to provide minimum 50% returns over the cost of production, though the procurement mechanisms are yet to be tightened.

The food grains output is expected to come down slightly by 1% to 281 million tons, from a target of 290 million tons. The Agriculture and allied segment GVA for 18-19 is expected to moderate to 2.7%, due to slowdown in agriculture activities during the second half of the year, as per 2nd advance estimates by CSO.

Indian agricultural sector is facing adversity due to factors like

- shortage of labour supply
- escalated labour costs
- marginalized cultivable areas
- lack of irrigation facilities, among other things.

However, the easy availability of information through mobiles via cheaper data connections and educational initiatives by the government through mass media, including farmer helplines, have increased the quality consciousness among Indian farming community. Together with the adversities, these are the reasons for a technological shift in Indian agriculture. India has seen good advancement in the overall agricultural technology, over past few years. Technology-based crop advisory including satellite imagery, remote monitoring using drones are fast gaining traction among the farmers.

AGROCHEMICAL INDUSTRY OVERVIEW

The agrochemical production in India has risen by 2.9% in FY 19. Historically, the production has witnessed a CAGR of 4.3% during FY14-18. With the growth in population in India, there is a rise in production of crops, which in turn enhances demand for agrochemicals. Food grain and horticulture production grew by 1.8% and 3% CAGR, respectively during FY14-18.

India is a net exporter of agrochemicals. In recent years, the exports of agrochemicals have received a significant impetus. India is also fast emerging as a hub for contract manufacturing and undertaking contract research, due to some competitive advantages like

- Low Cost Manufacturing Capability
- Availability of highly skilled workforce
- Seasonal nature of domestic demand
- Idle Capacity availability
- Better price realizations in global markets
- Ease of Doing Business

Agrochemicals exports have grown at a CAGR of 12.8% for FY14-18. The steady rise in the demand for fungicide and herbicide products, were the key reason for such growth, even though insecticides exports declined due to higher usage of GM crops. The 9 months ended April – December, 2018 witnessed a growth of 11% in exports, whereas the imports grew by 4.4% in the corresponding period for agrochemicals and the corresponding growth in exports for insecticides, fungicides and herbicides is 10.2%, 17.2% and 1.8% respectively.

While the share of North American exports has grown from 13% in FY14 to 17% in FY18, other markets like Latin America, Europe and Asia have also emerged as important markets for Indian agrochemical exports.

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 and 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 an 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 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 350+ 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, 4 multi-purpose plants at Jambusar and dedicated high-pressure reaction facilities equipped with futuristic is automation. 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. Manufacturing facilities have been felicitated with various awards from time to time. Award in manufacturing excellence apart from award in all 3 formats of safety, environment and quality have been bestowed from time to time.

MARKETING AND DISTRIBUTION

Our Company has a legacy in building strong brands and delivering our customer promise by leveraging the strong marketing and distribution set up. Our marketing teams adopt a three-pronged approach in building powerful brands and creating strong recall value for our products. Our pre-launch efforts include mapping the target users and markets, on-field training, generating testimonials, brand awareness and teaser campaigns. Our product launch campaigns include theme, location and venue finalisation, stakeholder involvement and press and media coverage. Whilst, the post launch efforts include exhaustive branding and promotional activities, channel handholding, demand generation activities, geographical and crop label expansion and product stewardship. Some of our significant brands like NOMINEE GOLD, OSHEEN, BIOVITA, ROKET, KEEFUN, VIBRANT, COSKO, ELITE, KITAZIN, HUMESOL have built a strong association with farmers and a strong recall value in the minds of our consumers. During the year under review, we have launched two new products namely COSKO & FANTOM which received positive feedback from farmers and channels alike.

With additions in all the key segments in Rice crop solutions, PI can now strongly claim that we provide complete nursery to harvest solutions for Rice crop. Inculcation of digital strategy to reach our customer base efficiently and in time has added an edge to the marketing strength and we are ever poised to tackle the needs of changing markets.

Our Company has a very strong and wide distribution network spanning across the length and breadth of the country. We have 30 stock points including our own depots and C&F agents who work on hub-and-spoke distribution model to ensure timely delivery of our products. With 10 zonal offices, 30 depots, 1500 experienced field force, 5,000 active dealer/ distributors and more than 40,000 retailers spread across the country, we reach out to more than a million farmers. Our centralised SAP-based

ERP system provides an efficient last mile connectivity.

CUSTOMER CONNECT

We believe that investing in an improved customer experience forms the base of our business model. We leverage our extensive presence in the rural areas effectively by combining the use of latest technology in our outreach programs. Our strategic business partner meets are held at regular intervals wherein the channel partners are informed and trained on the shifting paradigms in agriculture. In addition, necessary trainings are also provided to enable them to be ready to deal with technological advancement in agriculture. Our channel partners along with a strong and experienced field force visit the villages and farmers regularly, conduct group meetings, impart knowledge and train them on improved methods of agriculture to increase yield and productivity.

To further enhance our reach and farmer connect, we have taken several key initiatives in the digital space which includes customer database creation, CRM tool integrated with call centre, messaging portal for personalised interactions and social media marketing.

Our Company has longstanding relationship with more than 18 global innovators. We continue to further strengthen the relationships through strategic alliances and partnerships. Our business development teams work closely with our global customers on the new enquiries, desktop evaluation, kilo and pilot plant operations, commercial scale up, manufacturing and shipping of goods. Our experience in handling variety of chemistries, strong in-house R&D and process research capabilities, quick turn-around time, optimised manufacturing processes, on-time delivery performance help us to be a partner of choice for our global customers.

PI extensively utilises the new age technologies, in order to provide customised solutions for its customers. Our dedicated helpline for farmers enables our field representatives to connect with new prospects.

The Company's deep rooted and extensive presence spread in the rural hinterlands is actively supported by strong and effective customer connect programme.

PI Industries strives to create enduring value for its stakeholders and collect feedback in a variety of ways. PI connects with the farmers through satisfaction surveys and through direct contact with its sales team on the ground. PI conducts research to understand consumers' perceptions of its products and know the pain points and further expectations. The Company is committed to create and further strengthen its brands through sustained campaigns. In the review year, the major campaigns run were Badi Misaal for its flagship product 'Nominee Gold' and Virtual Reality (VR) games for brand 'Osheen'.

Badi Misaal was about the Journey of ten years of Nominee Gold that celebrates the bond, renew the pride and inspire new users. NOMINEE GOLD is only rice herbicide brand which has treated maximum acreages and still grew even in its 10th year. This campaign was very well received by the audience/farmers and 4.1 lakh farmers were directly touched through 'BADI MISAAL'.

VR games were conducted for real time engagement grower engagement to understand the Osheen benefits in preventive window. This one-of-a-kind campaign received good feedback from growers and industry alike and maximum shift of Osheen user base to preventive window was achieved. We could shift 30-40% existing users from curative to preventive window. In parallel we have added new customers in existing window. This helped in better positioning of Osheen brand and right application recall for longer time in growers mind.

At the channel level, we conduct strategic business partner meetings wherein our channel partners are informed and trained on the shifting paradigms in agriculture. We help them be future ready by providing necessary technical and soft skills trainings. Channel partners and our strong and experienced field force visit the villages and farmers regularly, conduct one-on-one and group meetings, impart knowledge and training on improved methods of agriculture to increase yield and productivity.

To further enhance our reach and farmer connect, we have taken several key initiatives in the digital space which includes customer database creation, CRM tool integrated with call centre, messaging portal for personalised interactions and social media marketing.

PI's participated in various events during the year, key events are given below:

MRDBS Exhibition - August 2018

Organised by Maharashtra Rajya Draksha Bagaitdar Sangh, this exhibition focused on complete management of Grape crop through better nutrient management, canopy management, pesticide residue management etc. PI had around 600 farmers and consultants visiting the stall. Discussions on positioning of our products- Visma, Biovita & Humesol as per grape crop phenology happened along with interactions with NRCG officials for future developments.

CII Agrotech - December 2018

CII Agro Tech India is CII's flagship Agri fair that works as an ideal interaction platform between the Farm Producers and the Agro Industry. This year, the fair was inaugurated by President of India. The stall had major focus on our products- Biovita, Osheen, Nominee Gold and Melsa. Around 20,000 farmers from across 15 states of the country visited the stall.

IISES- India International Seaweed Expo & Summit - January 2019

India International Seaweed expo & summit was held at World Trade Centre, Mumbai. The expo aimed at bringing all stakeholders across the corporates, government, academia and seaweed growers to discuss the growth opportunities of seaweed industry in the country. Exploring opportunities in the world of Seaweed and its application in Agriculture, Food, Nutraceuticals, Pharmaceuticals, and Cosmetic industry was the major thrust during the discussions. PI stall saw major footfall from people of various industry for enquiry on our product 'BIOVITA'.

Krishi Kumbh - February 2019

A three days Mega Agriculture Show, Krishi Kumbh-2019 was jointly organized by ICAR, ICAR-RCER & RPCAU at Motihari, Bihar.

The event aimed at promoting modern techniques and diversification in agriculture that could help doubling farmer's income. PI was one of the 180 public and private sector organizations including ICAR Institutes, SAUs, KVKs, NHB, NGOs, cooperative societies, seed, fertilizers, farm machinery, pesticide companies etc. that put their stalls and displayed different products, technologies, live samples, posters, etc. for increasing awareness about modern agricultural technologies among farmers and other stakeholders during the event. Around 2,000 farmers and other stakeholders visited PI stall & gathered information about our product portfolio.

FINANCIAL REVIEW

Your company's Revenue from Operations for the year stood at Rs. 28409 Mn as compared to Rs.23087 Mn last year registering a growth of 24.8 % on YoY basis. The Operating Profit for the year was at Rs. 5732 Mn as compared to Rs. 4921 Mn last year i.e. an increase of 16.5 % YoY. The Net Profit for the year on stand-alone basis stood at Rs. 4077 Mn as compared to Rs. 3665 Mn in the previous year i.e. a growth of 11.3 % YoY on account of higher effective tax rates during the year under review.

Earnings per Share (EPS) for the year stood at Rs. 29.74 per share as compared to Rs.26.62 per share for the previous year and debt equity ratio at 0.02 as compared to 0.04 in previous year.

As required under new SEBI (LODR) Regulations, key financial ratios are enumerated below as compared to previous year:

Key Ratios	FY 18-19	FY 17-18
Current Ratio	2.08	2.36
Debt Equity Ratio	0.02	0.04
Operating Profit Margin (%)	20.2	21.3
Net Profit Margin (%)	14.4	15.9
Inventory Turnover	5.3	5.1
Debtors turnover	4.3	4.4

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. Risk Management Committee was formed during the year which also includes one Independent Director. The primary responsibilities of the Committee shall include:

Risk Identification and Prioritization:
Review, prioritize and approve the results of the risk assessment exercise
Risk Mitigation:
Review and approve the mitigation plans developed for the key risks (Risks that matter)
Risk Monitoring and Reporting:
Review the root cause analysis of risks, action taken by risk owners along with the implementation timelines and status of the mitigation plan.

HUMAN RESOURCES AND TRADE RELATIONS

During the year under review, your company augmented its workforce by welcoming 669 new employees across all businesses, functions and locations. With a view to enhancing capability and making the organisation future ready, special emphasis was placed on upgrading the level and quality of learning and development initiatives. The Learning Management Solution launched during the year enables employees to own and take charge of their learning. Participation levels and feedback helps management calibrate and make adjustments to the curricula and its deployment. In addition, embracing technology, your company added 104 e-learning courses to the LMS platform, providing employees a rich cornucopia of programmes to choose from, tailored to their needs. These were supplemented by structured management development and leadership development programmes.

With a view to systematically identifying and developing the next generation of leaders, a structured Talent Review was conducted for senior management personnel across businesses. The review focused on the strengths, development areas and potential of the target personnel and identified action plans for each of them. Inputs from this review were used in the succession planning process.

Demonstrating that “we care”, your company launched a holistic wellness initiative for employees and their families focusing on their physical, mental and emotional well-being. Programmes were held throughout the year in accordance with a pre-published wellness calendar. The stepathlon competition launched during the year saw enthusiastic participation. This was supplemented by health camps, yoga sessions and fitness programs, all of which were well received.

Communication is a key element in employee engagement and employee town halls were held to cascade the company’s vision, strategy and performance

Other employee friendly measures launched during the year included

- Advancing pay day from the 5th to the 1st working day of the month by recasting the payroll processing schedule
- Restructuring sales incentives to better align it with industry practice; our financial results testify to the success of this initiative
- Advancing the dates of completion and appraisals and increments

Technology is and will be a key game-changer and your company is an industry leader in the use of technology to drive efficiency and performance. In the field of HR, the year saw the continued implementation of HR solutions through Success Factor and improvements to the modules implemented in earlier years. Not all technology initiatives need be big and glamorous. By the simple expedient of introducing electronic increment letters, not only did we ensure quicker transmission to employees but also contributed to the environment by saving copious quantities of paper. To provide our visitors a richer visitor experience at our offices and plants, a new tech-enabled visitor management system was launched during the year.

While much has been done, we are acutely conscious of the fact that much remains to be done to make PI a leading employer. We are committed to intensifying our efforts in the coming years to achieve this objective.

During 2018-19, 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 2331 as on March 31, 2019.

INFORMATION TECHNOLOGY

At PI Industries, we believe that the key to our success is our ability to protect the trust our shareholders, customers, partners and stakeholders, repose in us. This aspect is deeply engrained in our values and our DNA. We have constantly endeavoured to uphold this ‘Trust’ by ensuring that our IT Systems are best in breed and have the ability to efficiently transact business digitally while ensuring the confidentiality, integrity and availability of digital data. To meet stringent requirements of data protection, your company has strengthened its Cyber Security environment by building layered Cyber Defences, data leakage prevention systems, ensuring internal data classification, implementing strong internal controls, critical transactions logging and monitoring mechanisms. To this end, and to ensure standardisation of cyber security, your

company has successfully achieved ISO 27001 in February, 2019.

'Digitalization' has been a key lever in ensuring that our business aspirations and growth are met via state-of-the-art technologies and platforms. Towards this end, we have embarked on a slew of digital initiatives – we have launched the first phase of our consolidated platform for our Agri Business, which will ensure that we are digitally in touch with our partners and customers, developed a customized CRM (Customer Relationship Management portal), setup a call centre and have logged in more than 2 million farmers. In order to efficiently manage our strategic product pipeline, we have implemented an intelligent platform that allows us to track the lifecycle of products from conceptualisation to commercialisation. Enhancement of internal efficiencies via automation has been a critical focus area thereby bringing about a host of business improvements in areas of material and product movement, schemes, pricing, plant asset management, processes from On-boarding to exit of employees etc. For ensuring that we are always 'Up-skilled' to meet the demand of knowledge of latest technologies we have partnered with the best content providers and implemented an e-learning Management System for our employees. We have also strengthened our R&D with world class tools for Knowledge Management and collaboration in Research Intelligence. Also, as a part of our outreach to customers and partners, we have aggressively exploited social media and have the highest number of subscribers on YouTube channel amongst Indian Agri Chem companies.

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

The company expects favourable global and domestic business environment in next financial year. For the domestic business, early forecast of normal monsoon gives hopes for normal crop acreages and thus the consumption of inputs.

Well distributed Plan to counter Value Erosion due to generics and phasing out of molecules, through Volume expansion of existing products, backed by thrust of New / Future Launches in key segments

While we expect normal growth curve to be continued in our key products and newly launched products, additional growth is expected from the introduction of new molecules. In the FY 20, company is expected to introduce 3-4 new products, some of them to be introduced for the first time in India and will be on exclusive of or near exclusive basis for marketing and distribution rights.

These new products will help PI leverage its presence and position in the crop segments and create additional value for the company and all stakeholders including the farmers.

Products launched in FY 19 had a very positive acceptance which has given us a platform to double up the revenues from these offerings in current FY. In the FY 19, company very well withstood with the challenges posed to the flagship brand Nominee Gold by generics. The Company not only successfully defended the challenges from generics, but also posted highest ever treated acreages in FY 19.

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.

Company shall be launching new products as well through its tie-up with global innovators on exclusive of or near exclusive basis for marketing and distribution rights, which will also contribute towards incremental sales.

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

Inspired by Science

Board Report

Dear Members,

Your Directors are pleased to present the 72nd Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2019.

1. FINANCIAL HIGHLIGHTS

(₹ in Mn)

Particulars	FY 2018-19	FY 2017-18
Revenue from Operations	28,409	22,771*
Other Income	600	600
Profit Before Interest, Depreciation and Tax	6,331	5,521
Interest	59	59
Depreciation	926	826
Profit before Tax & Exceptional items	5,346	4,636
Less: Current Tax inclusive of earlier year Tax	1169	995
Deferred Tax Asset/Liability (it should have been deferred tax)	(100)	25
Profit after Tax	4,077	3,666
Other Comprehensive Income	77	(75)
Total Comprehensive Income	4,154	3,591
Balance of retained earning brought forward from previous year	14,908	11,893
- Profit for the year	4,077	3,666
- Other Comprehensive Income (OCI) for the year	(1)	11
Appropriations:-		
Final Dividend on Equity Shares 2017-18	345	344
Interim Dividend on Equity Shares 2018-19	345	206
Dividend Distribution Tax on Equity Shares	142	112
Transfer to General Reserve	0	0
Balance Profit / (-) Loss carried forward	18,368	14,908
Earning Per Share (EPS) (₹) Basic Diluted (₹)	29.56 29.54	26.62 26.55

* net of excise - 316 Mn

2. KEY HIGHLIGHTS

Your Company's Revenue from Operations for the year stood at ₹ 28,409 Mn as compared to ₹22,771 Mn (net of excise) last year registering a growth of 25 % on YoY basis. The Operating Profit for the year was at ₹ 5,731 Mn as compared to ₹ 4,921 Mn last year i.e. an increase of 16.46 % YoY. The Net Profit for the year on stand-alone basis stood at ₹ 4,077 Mn as compared to ₹ 3,666 Mn in the previous year i.e. a growth of 11.21 %YoY.

Your Company's Net Profit on a consolidated basis stood at ₹ 4,102 Mn during the year as compared to ₹ 3,676 Mn in the previous year, a growth of 11.58% YoY.

The Earnings per share (EPS) for the year stood at ₹ 29.56 per share, a growth of 11.04% as compared to ₹ 26.62 per share for the previous year.

Your Company made an addition of ₹ 3,757 Mn. in gross fixed assets for expansion of manufacturing and Research & Development capacities.

Your Company also commissioned new MPP plant at Jambusar during February 2019.

3. PERFORMANCE REVIEW

Domestic revenues grew by 16.5% YOY and achieved milestone of ₹ 10000 Mn. In brand sales, growth was recorded across the portfolio which was well supported by successful new launches. In Dinotefuran, growth in co-marketing was achieved with increased brand awareness activities for Osheen. In the herbicide segment, our leading brand Nominee Gold despite facing fierce competition from generics, expanded its customer base and achieved highest ever treated acreages. The products launched during FY and newly launched COSKO and FANTOM also contributed to the top line.

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 Introduced two new products in FY 19 viz. **COSKO** and **FANTOM**. These launches have given the opportunity to leverage the channel presence very well, exploit the available market opportunity and gain a better market share from our stronghold markets. On the other hand your Company was also able to make an entry in the markets with relatively weak presence.

Your Company's exports grew by 29.4% during the year in line with overall improvement in global sentiment. Your Company is working with innovator partners to introduce novel molecules globally. The Company continued to develop alternate vendors in domestic market to reduce its dependency on Chinese raw material suppliers that shall help the Company in the coming years. Commercialisation of 3 new molecules during the year along with the enhanced utilization of multi-purpose plants at Jambusar SEZ and commissioning of new plant, is expected to provide further growth momentum to the exports in the coming years.

Your Company also won numerous awards and received much recognition.

Your Company's manufacturing site at Panoli has won **'Golden Peacock Environment Management'** award for third time on account of its significant achievements in the field of Environment Management. Besides this, awarded **ISO 27001:2013 Certification** from British Standards Institute for implementation of information security based on global standards and frameworks.

For its CSR initiatives, your Company's CSR arm namely PI Foundation won prestigious **SKOCH AWARD 2018** for Integrated Community Development.

Your Company was also rated by **ECOVADIS** in '**GOLD Category**' for second consecutive year demonstrating Company's quality in integrating the principles of CSR into their business (Environment, Labor/Social, Fair business/ Ethics and Supply Chain. PI in top global 1% in labour practices (Safety) amongst pesticides and agrochemical products sector.

4. 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, 18 molecules were scaled up successfully for their next stage of development and 6 molecules were transferred to the next stage. Apart from synthesis and scale up of new products, the Research & Development team also undertook process improvements for 23 projects in order to identify cost improvement opportunities and then implement 16 such project improvements at the plant level. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work.

Your Company has state of art R&D set up with green house facilities for biological testing. This facility supports various R&D projects under disciplines of crop protection products. Scientifically, it involves molecular design, synthesis, structural elucidation, purifications, scale-ups, laboratory testing, green house testing, field testing, SAR's (structure activity relationship), knowledge management and patenting. The research assignments involve global innovator partners.

Your Company's research strategy and implementation are well supported by a strong team comprising of more than 250 research scientists having expertise and experience in chemistry, analytical techniques, biological testing, mode of action, tox studies, 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 molecules & processes and has initiated the patenting 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.

5. 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 ₹ 3,848 Mn. Your Company follows a prudent financial policy and aims at maintaining an optimum financial gearing. The Company's Debt to Equity Ratio was zero as on March 31, 2019.

Your Company has been credit rated by CRISIL Limited. The Company's credit rating for long term was reaffirmed to AA/Positive 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.

6. DIVIDEND

During the year, the Board of your Company has declared an interim dividend of ₹ 2.50 (250%) per equity share of ₹ 1/- each in its Board Meeting held on October 26, 2018. The Directors are pleased to recommend a final dividend of ₹ 1.50 (150%) per equity share of ₹ 1/- each. This will take the total dividend for the year to ₹ 4/- (400%) per equity share of ₹ 1/- each. If the dividend as recommended above, is declared by the members at the Annual General Meeting the total outflow towards dividend on Equity Shares for the year would be ₹ 552 Mn (dividend distribution tax of ₹ 114 Mn) as compared to ₹ 551 Mn (dividend distribution tax of ₹ 114 Mn) last year. 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. September 2, 2019.

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

7. SUBSIDIARY, ASSOCIATES & JOINT VENTURES

As on March 31, 2019, the Company had three (3) Wholly-owned Subsidiary and two (2) Joint Venture 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 associate Companies are as under:

SUBSIDIARY COMPANIES

- PI Life Science Research Ltd.

During the year, the Company posted a net profit of ₹19.06 Mn earned on account of various R&D activities for developing new products.

- PI Japan Co. Ltd.

The Company posted a net profit of JPY 3.15 Mn during the year ended March 31, 2019. 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.

- PILL Finance and Investments Ltd.

The Company posted a net profit of ₹ 1.21 Mn during the year ended March 31, 2019.

JOINT VENTURES

- Solinnos Agro Sciences Pvt. Ltd

Your 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 ₹ 0.62 Mn during the year ended March 31, 2019.

- PI Kumai Pvt. Ltd

Your 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 net profit of ₹ 0.29 Mn during the year ended March 31, 2019.

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.

Your 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**.

8. RISK MANAGEMENT POLICY AND INTERNAL CONTROLS

PI Industries' Risk Management structure spans across different levels and the Company continuously identifies, classifies and formulates mitigation measures. During the year, Risk Management Committee was formed comprising of 5 members including 3 Directors including one Independent Director. 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. Internal Control Systems are commensurate with the nature and size of Company's 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.

9. 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 well defined 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 operating effectively as on March 31, 2019.

10. RELATED PARTY TRANSACTIONS

All Related Party Transactions entered during the year were in the ordinary course of business and on arms length basis. Most of the related party transactions were undertaken by the Company with its subsidiary Companies engaged in business development activities. 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 Policy on Materiality of and Dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website and can be accessed

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 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. 35 of the standalone financial statements which set out related party disclosures.

11. AUDITORS

Statutory Auditors and Auditor's Report

The shareholders of the Company at 70th 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 and accordingly they hold their office till the conclusion of Annual General Meeting to be held in 2022. The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer.

Cost Auditor

As per the requirements of the Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company is required to maintain cost records and accordingly, such accounts are made and records have been maintained relating to Insecticides (Technical grade and formulations) every year.

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s K.G. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors to audit the cost accounts of the Company for the financial year 2019-20. As required under the Act, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

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, 2019. The Secretarial Audit Report for the financial year ended March 31, 2019 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, 2019 is annexed to this report as **Annexure 'B'**.

In terms of SEBI circular no. CIR/CFD/CMD1/27/2019 dated February 08, 2019, your Company has also obtained Secretarial Audit Report for the financial year ended March 31, 2019 issued by Mr. R.S. Bhatia, Practicing Company Secretary and the same has been submitted with SEBI in accordance with aforesaid circular.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of loans, guarantees and investments covered under the provisions of Companies Act, 2013 are mentioned in Note No. 7(c) forming part of the Notes to the financial statements.

13. DEPOSITS

Your Company has not accepted any public deposits during the financial year 2018-19 and as such no amount of principal or interest was outstanding as on March 31, 2019.

14. TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, company had transferred an amount of ₹ 3,57,530/- towards unclaimed or unpaid dividend pending for more than seven years. 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 August 06, 2018 (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

In accordance with the provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 66,010 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.

15. 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, 2019, the Board of Directors comprised 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, operations, technical expertise, strategy, governance, 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.

Mr. Ravi Narain ceases to be the Non-Executive Independent Director of the Company w.e.f. 1st May, 2019 consequent upon the order passed by SEBI in the matter of National Stock Exchange of India Ltd. on April 30, 2019. Board places on record its appreciation for the services rendered by Mr. Ravi Narain during his association with the Board of the Company.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Rajnish Sarna, 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 shareholders at the ensuing Annual General Meeting.

b) Evaluation of the Board's Performance

In compliance with the provisions of 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 four (4) times. The details of the Board meetings and attendance of the Directors are provided in the Corporate Governance Report.

d) Composition of Committees

Audit Committee

As on March 31, 2019, Audit Committee comprises of Mr. Narayan K. Seshadri as the Chairman, Mr. Rajnish Sarna, Ms. Ramni Nirula and Mr. Ravi Narain as the members. Further, details on the Audit Committee reference, meetings held during the year are given alongwith other committee details as provided in the Corporate Governance Report.

e) Recommendations of Audit Committee

There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board. Details on other committees including their composition, terms of reference are given in the Corporate Governance Report.

f) 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, 2019, 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, 2019 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.

16. CHANGES IN KEY MANAGERIAL PERSONNEL

There has been no change in any Key Managerial Personnel of the Company during the year ended March 31, 2019.

17. ANNUAL RETURN

Pursuant to Sec 92(3) and Section 134 (3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return is available on Company's website and can be accessed at:

https://www.piindustries.com/investor-relations/Financials/annual-reports

18. 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

During the year under review, your Company augmented its workforce by welcoming 669 new employees across all businesses, functions and locations. With a view to enhancing capability and making the organisation future ready, special emphasis was placed on upgrading the level and quality of learning and development initiatives. The Learning Management Solution launched during the year enables employees to own and take charge of their learning. Participation levels and feedback helps management calibrate and make adjustments to the curricula and its deployment. In addition, embracing technology, your Company added 104 e-learning courses to the LMS platform, providing employees a rich cornucopia of programmes to choose from, tailored to their needs. These were supplemented by structured management development and leadership development programmes.

With a view to systematically identifying and developing the next generation of leaders, a structured Talent Review was conducted for senior management personnel across businesses. The review focused on the strengths, development areas and potential of the target personnel and identified action plans for each of them. Inputs from this review were used in the succession planning process.

Demonstrating that "we care", your Company launched a holistic wellness initiative for employees and their families focusing on their physical, mental and emotional well-being. Programmes were held throughout the year in accordance with a pre-published wellness calendar. The stepathlon competition launched during the year saw enthusiastic participation. This was supplemented by health camps, yoga sessions and fitness programs, all of which were well received.

Communication is a key element in employee engagement and employee town halls were held to cascade the Company's vision, strategy and performance.

Other employee friendly measures launched during the year included:

- Advancing pay day from the 5th to the 1st working day of the month by recasting the payroll processing schedule.
- Restructuring sales incentives to better align it with industry practice; our financial results testify to the success of this initiative.
- Advancing the dates of completion and appraisals and increments.

Technology is and will be a key game-changer and your Company is an industry leader in the use of technology to drive efficiency and performance. In the field of HR, the year saw the continued implementation of HR solutions through Success Factor and improvements to the modules implemented in earlier years. Not all technology initiatives need be big and glamorous. By the simple expedient of introducing electronic increment letters, not only did we ensure quicker transmission to employees but also contributed to the environment by saving copious quantities of paper. To provide our visitors a richer visitor experience at our offices and plants, a new tech-enabled visitor management system was launched during the year.

While much has been done, we are acutely conscious of the fact that much remains to be done to make PI a leading employer. We are committed to intensifying our efforts in the coming years to achieve this objective.

During 2018-19, your Company continued to have cordial relationship with all its employees and maintained healthy, cordial and harmonious industrial relations at all levels.

Total permanent workforce of your Company stood at 2331 as on March 31, 2019.

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 2018-19.

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 'C'**. 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

Your Company discontinued in the year 2017-18, grant of stock options under PII-ESOP Scheme, 2010 as per the recommendations 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

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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 'D'**.

19. 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.

20. 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 'E'** attached to this report.

21. 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, 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 2018-19, the Company has contributed an amount of ₹ 92.9 Mn. to PI Foundation, aggregating to 2% of its average net profits for preceding 3 financial years. The PI Foundation has spent an amount of ₹ 98.54 Mn during the financial year 2018-19.

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

22. 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. **Annexure 'G'**.

23. MANAGEMENT DISCUSSION AND ANALYSIS

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

24. 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.

25. CHANGES IN SHARE CAPITAL

During the year, your Company had issued 1,23,333 Equity Shares of Re. 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 ₹ 13.80 cr.(comprising of 13,80,30,651 Equity Shares of ₹ 1/- each as on March 31, 2019) from ₹ 13.79 cr. (comprising of 13,79,07,318 Equity Shares of ₹ 1/- each as on March 31, 2018).

26. 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.

27. 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 Director
For **PI Industries Ltd.**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 17, 2019

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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 Mn.)

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 March, 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 = .624175
4.	Share capital	14.97	3.60	3.12
5.	Reserves & surplus	262.31	37.66	13.84
6.	Total assets	278.75	41.44	21.61
7.	Total Liabilities	1.48	0.18	4.65
8.	Investments	165.29	5.03	-
9.	Turnover	39.32	2.15	54.66
10.	Profit before taxation	26.66	1.73	2.55
11.	Provision for taxation	7.60	0.53	0.58
12.	Profit after taxation	19.06	1.21	1.97
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 Director
For **PI Industries Ltd.**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 17, 2019

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 Mn.)

Name of Associate Entity		Solinnos Agro Sciences Pvt. Ltd.	PI Kumiai Private Ltd.
1.	Latest audited Balance Sheet Date	31st March, 2019	31st March, 2019
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 (No.)	5,14,500 equity shares of ₹10/- each.	9,550,000 equity shares of ₹10/- each.
	Amount of Investment in Associates (₹ in Mn.)	5.15	95.50
	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. holds 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	12.26	191.30
7.	Profit/(Loss) for the year	0.62	0.29
i.	Considered in Consolidation	-	-
ii.	Not Considered in Consolidation	0.62	0.29

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

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 Director
For **PI Industries Ltd.**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 17, 2019

Note: It is consolidated as per Equity method.

Annexure 'B'

Form No.MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019
[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, 2019, 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, 2019 according to the provisions of:

(i) The Companies Act, 1956 and Companies Act, 2013 ("the Acts') and the rules 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, 2019 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;

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:

   a. The Company has allotted 1,23,333 equity shares to PII ESOP Trust on December 5, 2018 under the PII- ESOP Scheme 2010.

   b. The Company has transferred 66,010 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 which the shareholders on which there was unclaimed dividend for last seven years in accordance with IEPF Rules, 2016.

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

Place: New Delhi
Dated: May 17, 2019

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 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: May 17, 2019

Annexure - C

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 2018-19 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	9.53:1	89.71
Mr. Pravin K. Laheri	3.10:1	-3.98
Ms Ramni Nirula	4.12:1	27.86
Mr. Ravi Narain	4.21:1	33.36
Mr. Arvind Singhal	2.88:1	-0.61
Dr. T.S. Balganesh	3.81:1	70.30
Executive Director		
Mr. Mayank Singhal, Mg. Director & CEO	152:1	31.64
Mr. Rajnish Sarna, Whole-time Director	78:1	9.76

Notes:

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

Remuneration to Executive Directors comprises of salary and Commission paid during the year ended March 31, 2019.

2. The percentage increase in median remuneration of employees in Financial Year 2018-19 : 11%

3. The number of permanent employees on the rolls of Company as on March 31, 2019 : 2331.

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
a)	Average increase in salary of employees (other than managerial personnel)	11%
b)	Average increase in salary of managerial personnel	7%

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. 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 Director
For **PI Industries Ltd.**

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 17, 2019

Inspired by Science

Annexure - D

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

Sr.No.	Particulars	Year Ended March 31, 2019		Year Ended March 31, 2018	
		No. of Options	Weighted Average Exercise Price (INR)	No. of	Weighted Average Exercise Price (INR)
1	No. of Options Outstanding at the beginning of the year	6,87,924	492.55	13,60,078	447.36
2	Options Granted during the year	0	0	0	0
3	Options Forfeited / Surrendered during the year	84,882	581.35	4,38,658	510.91
4	Total number of shares arising as a result of exercise of options.	1,63,691	177.59	2,33,496	194.84
5	Money realised by exercise of options (Rs. in Mn.)	29	NA	45.5	NA
6	Number of options Outstanding at the end of the year	4,39,351	592.87	6,87,924	492.55
7	Number of Options exercisable at the end of the year	2,31,187	499.47	2,66,748	255.81

III. Weighted Average remaining contractual life

Range of Exercise Price	Weighted average contractual life (years) as on March 31, 2019	Weighted average contractual life (years) as on March 31, 2018
25 to 75	N.A.	1.66
No. of Options Outstanding	0	72,454
75 to 150	4.11	5.22
No. of Options Outstanding	54,716	1,08,893
150 to 450	5.34	6.21
No. of Options Outstanding	45,958	91,839
450 to 750	5.55	6.62
No. of Options Outstanding	3,38,678	4,14,738

IV Weighted average Fair Value of Options granted during the year

		During the year ended March 31, 2019 (INR)	During the year ended March 31, 2018 (INR)
(a)	Exercise price equals market price	-	-
(b)	Exercise price is greater than market price	-	-
(c)	Exercise price is less than market price	-	-

V	The weighted average market price of options exercised during the year ended March 31, 2019	Rs.840.68
	The weighted average market price of options exercised during the year ended March 31, 2018	Rs.882.59

VI Employee-wise details of options granted during the financial year 2018-19 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, 2019* Weighted Average	March 31, 2018 * Weighted Average
1.	Risk Free Interest Rate	N.A.	N.A.
2.	Expected Life(in years)	N.A.	N.A.
3.	Expected Volatility	N.A.	N.A.
4.	Dividend Yield	N.A.	N.A.
5.	Exercise Price (in Rs.)	N.A.	N.A.
6.	Price of the underlying share in market at the time of the option grant. (Rs.)	N.A.	N.A.

* No options granted during the year ended March 31, 2019 and March 31, 2018.

VIII Effect of share-based payment transactions on the entity's Profit or Loss for the period:

(₹ in Mn.)

	Particulars	31-Mar-19	31-Mar-18
1	Employee Option plan expense	13	16.60
2	Total liability at the end of the period	73	102.20

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

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 17, 2019

Inspired by Science

Annexure - E

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:

Under the continual energy conservation plan, the Company has continued to improve on energy efficiency & conservation efforts. Stricter efforts towards continuous monitoring and controls of energy utilization including generation & distribution had been in focus throughout.

With a view on long term sustainability, the Company has initiated steps towards utilizing alternate sources/ renewable source of energy.

(ii) Steps taken by the Company for utilizing alternate sources of Energy:

(a) Steps taken during the year (2018-19) to conserve energy include:

- Introduced 66KV sub-station to reduce line losses.
- 22% reduction in specific energy consumption in Brine generation plants.
- Reduced power consumption in chilled water system by optimizing flow in secondary pumps.
- 11% reduction in specific energy consumption in air compressor by replacing with new high efficient compressors.
- Reduced power consumption in constant pressure raw water pumps by configuring pressure transmitters with variable frequency drives.
- Reduced power consumption in Effluent Treatment Plant (aeration blowers) by interfacing variable frequency drive with dissolved oxygen meter.
- Conventional lighting fixtures were replaced with LED light fixtures.
- Lowered the steam consumption, reduced effluent generation and increased condensate recovery by implementing coil heating system in place of direct heating system.
- Introduced flash steam heat recovery system in Boiler house for efficient energy management.
- Incorporated drip irrigation system as an alternate method to surface irrigation to conserve water in gardening activity.
- Reduce water consumption in process cooling tower by replacing wooden drift eliminators by PVC drift eliminator.
- Achieved both water & power consumption reduction by converting water cooled air compressors to air cooled.

(b) Plans for the year 2019-20

- Installation of micro turbine in place of Pressure Reducing Valve to generate auxiliary Power.
- Reduction of power consumption through variable frequency drive & optimization in secondary pump of Brine units.
- Reduction of power & effluent generation by switching to dry vacuum pump with intermediate cooling system in place of oil ring vacuum pumps.
- Aimed to achieve 40% reduction in specific power consumption of breathing air compressor by replacing efficient screw compressor in place of reciprocating air compressor.
- Efficiency improvement in chilled water system through optimization of heat transfer area.
- Combustion efficiency enhancement in the Boilers through fuel emulsification system.
- Steam cost reduction by replacing liquid fuel to solid fuel as an alternate source of energy
- Reduction in fuel consumption by making a provision in Fume incinerator burner for consuming incinerable solvents as fuel.
- Introducing heat recovery system from boiler blow down to conserve FO consumption.

(c) Steps planned for utilization of alternative sources of energy.

- Planned to install roof top solar panels of 1.5 MWp capacity.
- Phase-II & III implementation of replacing conventional lighting fixtures with LED Lamps in Plant Area.

(iii) Capital investment on energy conservation equipments:

With a view on long term sustainability, the Company has invested approx. Rs. 53 million in the FY 18-19 on energy conservation equipments which resulted in reduction in energy footprint on products.

(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:

- Flow-chemistry lab which was commissioned previously is being utilized with the aim to develop commercially viable products to improve productivity, reduce risk and plant footprint. Presently work of screening the molecules are in progress and expected to deliver some cost effective alternative process by the year end in 2020.
- Strengthened developmental facility in the previous year has resulted into more molecules under scale studies. In the FY 19-20, it is expected to commercialize about 10 molecules against 6 to 7 in previous years.
- The work on setting up facility to undertake fluorination facility has been initiated and development of one molecule (CFT) is in advanced stage and expected to get commercial in 19-20.
- Work on Azide chemistry was initiated and Azide Chemistry scaled up to Kilo lab scale to grab new opportunities in the area of Tetratzole chemistry

  Continuous improvement of the commercial production processes have been made possible through technology absorption methods which include:-
- Continuous pressure filtration (Rotary pressure filter) technology was finalized after trials has been ordered, expected to commercialize by 2nd quarter in 19-20. Continuous fluidized drying process technology trials are in progress and expected to commercialize in coming time.
- 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:

- The details of technology imported: Mono methyl Hydrazene synthesis
- The year of import: 2017-18
- Whether the technology has been fully absorbed: Under progress and is expected to get commissioned in 2nd quarter of 19-20.
- If not fully absorbed, areas where absorption has not taken place, and the reason thereof:

  Not Applicable

4. Expenditure on R&D

(₹ in Mn)

Particulars	Current year 2018-19	Previous year 2017-18
a. Capital Expenditure	50	167
b. Revenue Expenditure	688	566
c. Total	738	733
d. Total R&D expenditure as percentage of Revenue from Operations	2.60%	3.17%

(C). FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(₹ in Mn)

Particulars	Current year 2018-19	Previous year 2017-18
Foreign Exchange Earned	19260.9	13825.2
Outgo of Foreign Exchange	8925.8	5063.8

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

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 17, 2019

Annexure - F

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.

     Weblink:-http://www.piindustries.com/corporate-social-responsibility.html.

2. **The Composition of the CSR Committee as on March 31, 2019.**

   CSR Committee Members comprised of following members as on March 31, 2019

   - 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:** **₹ 4645 Mn.**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** **₹ 92.90 Mn.**

Details of CSR spent during the financial year.	**₹ (In Mn.)**
(a) Total amount spent for the F.Y.	98.54
(b) Amount unspent , if any	NIL
(c) Manner in which the amount spent	Refer to details mentioned in Annexure to CSR report on the following page.

5. **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 ₹ 92.90 Mn. during the financial year 2018-19 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 ₹ 98.54 Mn. during the financial year 2018-19. Further, PI Foundation has shortlisted & is finalizing several new projects to be undertaken under CSR activities.

6. **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 17, 2019

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

(₹ In Million / INR)

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 Mn. (INR)	Amount spent on the projects or programs in Mn. (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expen-diture up to the reporting period in Mn. (INR)	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) • Management of CCLV and Whitefly in cotton crop by community based approach (PAU, Punjab) • 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 Punjab, Haryana, Bihar, Karnataka, AP and Telangana • Awareness Creation amongst Farmers on Sustainable production of rice and vegetable crops in Khargaon, Madhya Pradesh.	26.05	21.16	21.16	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 • Improvement in the learning outcome of school children in the villages near plant locations. • Training in IT, Sales & Hospitality for rural underprivileged Youth in Jambusar, Gujarat • Prime Minister's Fellowship Scheme for Doctoral Research • 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 • 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 • Income generation programme through sustained agriculture	34.21	27.43	27.43	Amount spent through PI Foundation / Implementing Agency

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 Mn. (INR)	Amount spent on the projects or programs in Mn. (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expen-diture up to the reporting period in Mn. (INR)	Amount spent: Direct or through implementing agency
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, up keeping and maintenance of School Toilets in Schools of Bharuch, Gujarat • Purified water supply to Villagers in Bihar • Address the environmental pollution and health hazards associated with stubble burning in Punjab and Haryana • Strengthening drainage system in two villages in Jambusar Taluka • Establishment/ Revival of Kumar pal Gandhi Blood Bank with component facility. • Supporting integrated drinking water project in the villages under Swajal dhara programme near plant location.	84.40	36.78	36.78	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	13.21	8.07	8.07	Amount spent through PI Foundation / Implementing Agency
5	Promotion of Rural Sports	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	• Promotion of rural sports through annual sports meet organized in the GIDC Ankleshwar	0.25	0.25	0.25	Amount spent through PI Foundation / Implementing Agency
6	Rural development	Rural Development Projects	• Provision of street lighting to increase the visibility during night and ensuring safety of villagers	0.20	0.20	0.20	Amount spent through PI Foundation / Implementing Agency
7	Training and Capacity Building of CSR Team and Administrative Expenses (5% of Actual CSR Exp)			4.69	4.65	4.65	-
	Total			163.01	98.54	98.54	

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 17, 2019

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

PI believes in enhancing the shareholder value through good corporate governance practises which involves transparency, empowerment, accountability and integrity.

The Company's overall governance framework, systems and processes reflect and support our Mission, Vision and Values. The Company is constantly striving to better them and adopt the best corporate practices and it believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value. In this pursuit, the Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interests of all its stakeholders.

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, 2019, 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 18-19	Presence at last AGM
		Board^	Committees^^ Member/ (Chairman)		
Mr. Narayan K. Seshadri, Chairman DIN 00053563	Non-Executive & Independent	7	6(3)	4	Yes
Mr. Mayank Singhal, MD & CEO DIN 00006651	Executive & Non-Independent	1	1(0)	4	Yes
Mr. Rajnish Sarna, Whole-time Director DIN 06429468	Executive & Non-Independent	1	2(0)	4	Yes
Mrs. Ramni Nirula, Director DIN 00015330	Non-Executive & Independent	6	5(0)	4	Yes
Mr. Ravi Narain, Director* DIN 00062596	Non-Executive & Independent	2	3(0)	4	Yes
Mr. Pravin K. Laheri, Director DIN 00499080	Non-Executive & Independent	3	2(2)	3	Yes
Mr. Arvind Singhal, Director DIN 00092425	Non-Executive & Non-Independent	1	0(0)	3	Yes
Dr. T.S. Balganesh, Director DIN : 00648534	Non-Executive & Independent	1	0(0)	3	No

^ 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.

* Mr. Ravi Narain has resigned from the Board w.e.f May 01, 2019 as he has been debarred from SEBI for holding directorship in any listed company for a period of 5 years in the matter of National Stock Exchange of India Ltd. Mr. Ravi Narain also confirmed that there is no other material reason for his resignation other than the recent SEBI order.

Name of listed companies and category of directorship held by Directors is appended at end of Corporate Governance Report.

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.

SEBI has further amended the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (hereinafter called SEBI (LODR) Regulations) which had been notified on May 9, 2018. A new sub clause added further defining independent director as a person who is not a non-independent (non-executive) Director of another Company on the Board of which any non-independent director of the listed entity is an independent Director.

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 web link of same is given below:-

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

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, Four (4) Board Meetings were held on May 15, 2018, August 05, 2018, October 26, 2018 and February 11, 2019. 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 10 , 2019 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

IND-AS, Company law and SEBI updates, Risk Management etc., as part of familiarization programme. Apart from same, board members also undertook visit to Company's plant at Panoli & Jambusar during February 2019 for familiarizing with Company's manufacturing operations.

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

Skill /expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board with effect from the financial year ended March 31, 2019.

The Board comprises of individual members possessing the required skill/expertise/competencies in general corporate management operations, technical expertise, strategy, banking finance & taxation, economics, law, governance etc. that helps Board to function effectively.

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 & Remuneration Committee, has carried out an annual evaluation of its own performance, performance evaluation of Individual 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

vii) Risk Management 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.

(t) Review the utilization of loans and/or advances from/ investments by the holding company in its subsidiaries exceeding Rs. 100 crore or 10% of the asset size of such subsidiary, whichever is lower which shall include existing loans / advances / investments.

Composition and attendance of the members of Audit Committee during the financial year 2018-19

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 the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

During the financial year ended March 31, 2019, the Committee met Four (4) times on May 15, 2018 August 05, 2018, October 26, 2018 and February 11, 2019 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 2018-19 is as follows:

Name of Director	Category	Number of meetings during the financial year 2018 -19	
		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	4	4

* Mr. Ravi Narain ceases to be a member of the committee w.e.f May 01, 2019.

The Chairman of the Audit Committee, Mr. Narayan K. Seshadri was present at the Annual General Meeting of the Company held on August 6, 2018.

ii) STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee of the Board looks into the various aspects of interest of shareholders and also reviews the process of share transfers/transmission, unclaimed Dividend / Shares, IEPF & 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:

- o Reviewing and redressing the complaints, if any, from security holders.
- o Recommending measures for overall improvement in the quality of services being provided to the shareholders/investors.
- o All the matters related to Share transfer/ transmission/ duplicate issue etc.
- o Overseeing the Performance of Registrar & Share Transfer Agents.
- o Review of measures taken for effective exercise of voting rights by shareholders
- o Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- o Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

Composition and Attendance of the members of Stakeholder's Relationship Committee during the financial year 2018-19

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, 2019, the Committee met Four (4) times during the year on July 10, 2018, September 15, 2018, December 21, 2018 and January 28, 2019.

The Composition and Attendance record of the members of the Stakeholder's Relationship Committee for the financial year 2018-19 is as follows:

Name of Director	Category	Number of meetings during the financial year 2018 -19	
		Held	Attended
Mr. Pravin K. Laheri, Chairman	Non-Executive & Independent Director	4	3
Mr. Mayank Singhal, Member	Executive & Non-Independent Director	4	4
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 85 complaints for issues e.g. non-receipt of Dividend Warrants / Share Certificates, Annual Reports, issue of duplicate certificates/ deletion of joint name due to death, transmission of shares etc. which were duly attended and 3 complaints were pending as on March 31, 2019 for which necessary action taken reports have been submitted by the Company with SEBI.

iii) 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 & 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 & 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 & attendance of the members of Nomination & Remuneration Committee during the financial year 2018-19

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, 2019, the Committee met two (2)times on May 15, 2018 and October 26, 2018.

The Composition and Attendance record of the members of the Nomination & Remuneration Committee for the financial year 2018-19 is as follows:

Name of Director	Category	Number of meetings during the financial year 2018 -19	
		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	1
Mr. Arvind Singhal , Member	Non-Executive & Non Independent Director	2	2

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 2018-19

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, 2019 on May 15, 2018 and February 10, 2019 respectively.

The Composition and Attendance record of the members of the CSR Committee for the financial year 2018-19 is as follows:

Name of Director	Category	Number of meetings during the financial year 2018 -19	
		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 as may be required by different functions from time to time for smooth business operation of the company etc.

Composition and Attendance of the members of Administrative Committee during the financial year 2018-19

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, 2019, the Committee met six (6) times on April 11, 2018, June 28, 2018, July 18, 2018, October 26, 2018, December 31, 2018 and March 25, 2019. The Composition and Attendance record of the members of the Administrative Committee for the financial year 2018-19 is as follows:

Name of Director	Category	Number of meetings during the financial year 2018 -19	
		Held	Attended
Mr. Mayank Singhal, Chairman	Executive & Non-Independent Director	6	6
Mr. Rajnish Sarna , Member	Executive & Non-Independent Director	6	6
Mr. Ravi Narain ,Member*	Non-Executive & Independent Director	6	2

* Mr. Ravi Narain ceases to be a member of the committee w.e.f. May 01, 2019.

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 2018-19

Management Advisory Committee presently comprises of five (5) Directors, three of whom are Independent Directors. During the financial year ended March 31, 2019, the Committee met four (4) times on April 11, 2018, May 14, 2018, August 1, 2018 and October 25, 2018.

The Composition and Attendance record of the Management Advisory Committee members for the financial year 2018-19 is as follows:

Name of Director	Category	Number of meetings during the financial year 2018 -19	
		Held	Attended
Mr. Mayank Singhal, Chairman	Executive and Non-Independent Director	4	4
Mr. Narayan K. Seshadri, 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	4	4
Dr. T.S. Balganesh, Member	Non-Executive & Independent Director	4	2

* Mr. Ravi Narain ceases to be a member of the committee w.e.f May 01, 2019.

vii) RISK MANAGEMENT COMMITTEE

Regulation 21 of the Listing Regulations mandates top 500 listed entities, determined on the basis of market capitalization as at the end of the immediate previous financial year, to constitute a Risk Management Committee (RMC) from April 01, 2019. The Board in its meeting held on February 11, 2019 constituted a Risk Management Committee.

Terms of reference

The terms of reference of the RMC are as follows:

(a) Approve the Risk Management Policy and plan integration through training and awareness programmes.

(b) Approve the process of risk identification.

(c) Set up risk strategy policies, including agreeing on risk tolerance and appetite levels, recognizing contingent risks, inherent and residual risks.

(d) Monitor the Company's compliance with the risk structure. Assess whether the current exposure to the risk it faces is acceptable and that there is an effective remediation of non-compliance on an ongoing basis.

(e) To approve major decisions affecting the risk profile or exposure and give appropriate directions.

(f) To consider the effectiveness of decision making process in crisis and emergency situations.

(g) Balance risks and opportunities.

(h) Generally, assist the Board in the execution of its responsibility for the governance of risk.

(i) Attend to such other matters and functions as may be prescribed from time to time.

Composition of the members of Risk Management Committee during the financial year 2018-19

Risk Management Committee presently comprises of five (5) Members, i.e. Mr. Mayank Singhal , Mr.Narayan K. Seshadri, Mr. Rajnish Sarna , Dr. K.V.S Ram Rao and Mr. Sankar Ramamurthy, one of whom is Independent Director. The committee meeting has not taken place since the committee was formed by Board in its meeting held on February 11, 2019.

4. DIRECTOR'S REMUNERATION

i Remuneration paid to Executive Director(s).

The remuneration of the Executive Director(s) is recommended by the Nomination & 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 & 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 2018-19 are as follows:

(Rs./Mn.)

Name of Director	Salary	PF Contribution	Perquisites	Comm. @	Total
Mr. Mayank Singhal					
Managing Director & CEO	45.16	2.90	1.33	57.00	106.39
Mr. Rajnish Sarna					
Whole-time Director	29.97	1.94	0.04	23.00	54.95

Notes:

@ Commission payable for FY 2018-19

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, 2019.

c) Mr. Mayank Singhal holds 3,20,28,510 equity shares of the Company as on March 31, 2019.

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, 2019 and No. of equity shares held by them as on March 31, 2019 are as under:

Name of Director	Sitting Fees (Rs./Mn.)	Commission @ (Rs.)	No. of Equity Shares held
Mr. Narayan K. Seshadri	0.45	6.00	4,84,259
Mr. Pravin K. Laheri	0.30	1.80	Nil
Mrs. Ramni Nirula	0.39	2.40	Nil
Dr. T.S. Balganesh	0.18	2.40	Nil
Mr. Ravi Narain	0.45	2.40	Nil
Mr. Arvind Singhal	0.15	1.80	Nil

@ Commission payable for FY 2018-19.

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 which also includes the model Code of Conduct for Independent Directors 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 adopted a Code of Conduct for Prevention of Insider Trading, under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down guidelines for procedures to be followed and disclosures to be made by insiders while trading in the securities of the Company. Mr. Naresh Kapoor has been appointed as the Compliance Officer for ensuring compliance with and for the effective implementation of the Regulations and the Code across the Company.

The Company has also adopted a Fair Code of Practices and procedure for Corporate Disclosure, for ensuring timely and adequate disclosure of Unpublished Price Sensitive Information by the Company, to enable the investor community to take informed investment decisions with regard to the Company's shares. Mr. Rajnish Sarna, Executive Director has been designated as the Chief Investor Relations Officer to ensure timely, adequate, uniform and universal dissemination of information and disclosure of Unpublished Price Sensitive Information.

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.

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.35 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, 2019 is as follows:-

Physical Form	:	0.14%
Electronic Form with NSDL	:	98.38%
Electronic Form with CDSL	:	1.48%

d) Disclosure of Accounting Treatment

The financial statements have been prepared in all material aspects in accordance with the recognition and measurement principals laid down in Indian Accounting Standards ('Ind AS') as per Companies (Indian Accounting 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 with which also incorporates amendments made in listing Regulation 2015 based on the recommendation of Kotak Committee. Copy of aforesaid policy is also available on the company's 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.38 of Financial Statements for the year ended March 31, 2019.

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, 2019 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

https://www.piindustries.com/investor-relations/Financials/Financials-Results

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

(iv) **Separate 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.

J) **Fees payable to Statutory Auditor:** Company has paid Statutory Auditors, fees for all services paid by the company and its subsidiaries, on a consolidated basis, to the statutory auditor, Rs. 5.06 Mn.

k) **Disclosures in relation to the Prohibition and Redressal of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted Internal Committees at all its locations, known as the Prevention of Sexual Harassment (POSH) Committees, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2018-19.

8. GENERAL BODY MEETINGS

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

Date/Venue	Time	Type of Meeting
August 6, 2018 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001.	10.00 A.M	Annual General 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

ii. **Special resolutions passed during last 3 AGMs**

Date of AGM	Subject matter of Special Resolutions passed
August 6, 2018	Nil
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

9. POSTAL BALLOT

The Company has not carried out any postal ballot exercise during the financial year 2018-19.

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 'D' 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 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 : September 09, 2019

Time : 11.00 am

Venue : P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce and Industry, Madri, Udaipur – 313 001 Rajasthan

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 2019-20 is as follows:

Unaudited Financial Results for the Qtr. ending June, 2019	on July 24, 2019
Unaudited Financial Results for the Qtr. ending September, 2019	on October 23, 2019
Unaudited Financial Results for the Qtr. ending December, 2019	on or before February 14, 2020
Audited Financial Results for the year ending 31st March, 2020.	Before the end of May, 2020
Annual General Meeting for the year.	On or before August 31, 2020

v. Book Closure Date

The dates of book closure are from September 03, 2019 to September 09, 2019 (both days inclusive).

vi. Dividend

During the year, the Board of Directors of the Company declared an interim dividend of 250% in its Board Meeting held on October 26, 2018 on 13,79,07,318 equity shares of Re. 1/- each which was paid on November 17, 2018. In addition to same, the Board has recommended a final dividend of 150 % per equity share thereby taking total dividend to Rs. 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 September 02, 2019.

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

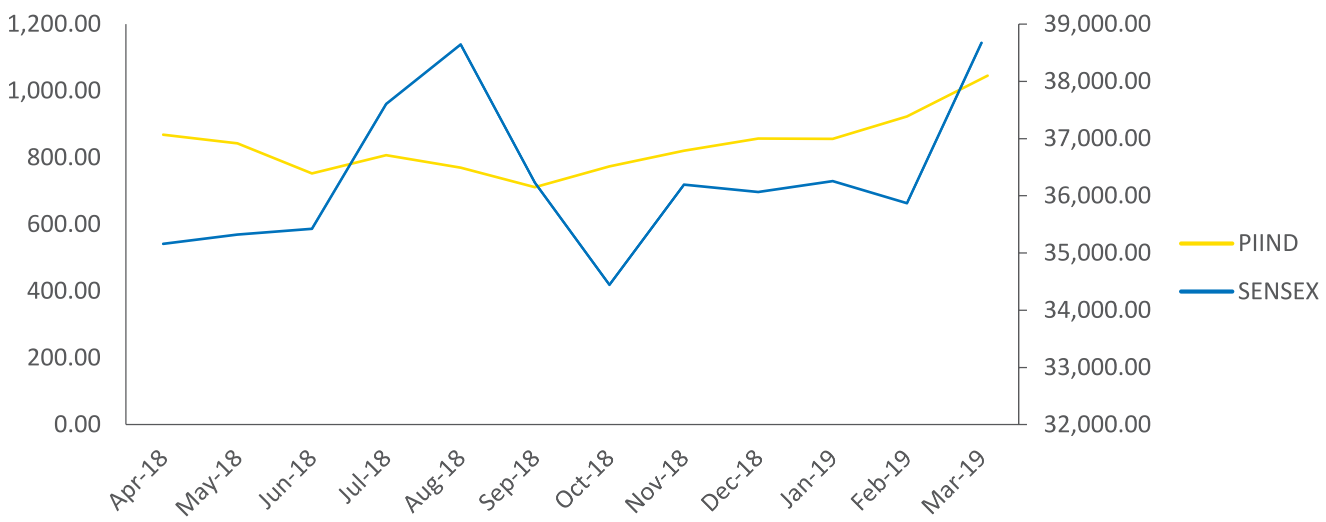
The monthly high and low of the market price of the equity shares of the Company for the year ended March 31, 2019 at BSE Limited and National Stock Exchange of India Ltd. were as under:

Stock price in Rs./share

Month	BSE		NSE		NIFTY	SENSEX
	High	Low	High	Low	Closing high	Closing high
April, 2018	918.80	839.95	919.95	838.05	10,739.35	35,160.36
May, 2018	892.00	804.00	893.90	803.30	10,806.60	35,322.38
June, 2018	848.95	747.20	849.70	745.00	10,856.70	35,423.48
July, 2018	817.00	748.00	819.35	750.05	11,356.50	37,606.58
August, 2018	843.85	750.00	777.00	747.10	11,738.50	38,645.07
September, 2018	789.00	702.00	791.00	700.00	11,589.10	36,227.14
October, 2018	793.00	691.80	797.25	675.60	11,008.30	34,442.05
November, 2018	875.00	775.00	873.25	780.00	10,876.75	36,194.30
December, 2018	876.25	783.10	880.00	781.55	10,967.30	36,068.33
January, 2019	877.80	828.75	877.50	828.75	10,961.85	36,256.69
February, 2019	932.45	829.60	932.70	824.30	11,069.40	35,867.44
March, 2019	1,038.00	925.20	1,038.90	921.25	11,623.90	38,672.91

(Source: NSE/BSE website)

PERFORMANCE OF COMPANY SHARES VS BSE SENSEX



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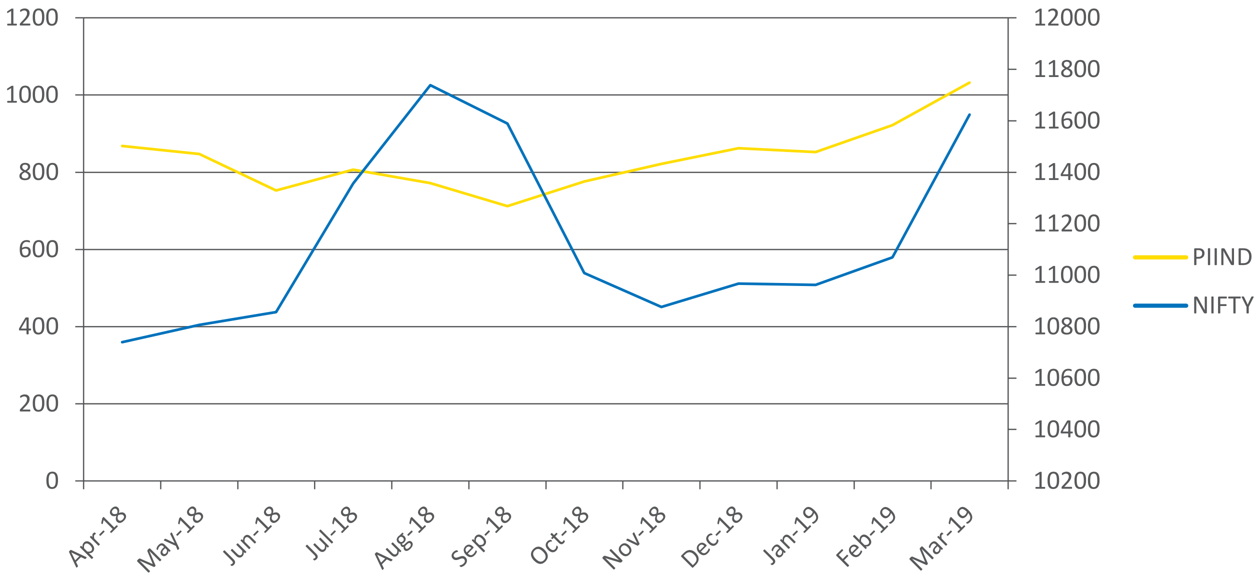
PERFORMANCE OF COMPANY SHARES VS NIFTY



ix. **Registrar and Transfer Agents**

Karvy Fintech 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 Fintech 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 Stakeholder's 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, 2019)**

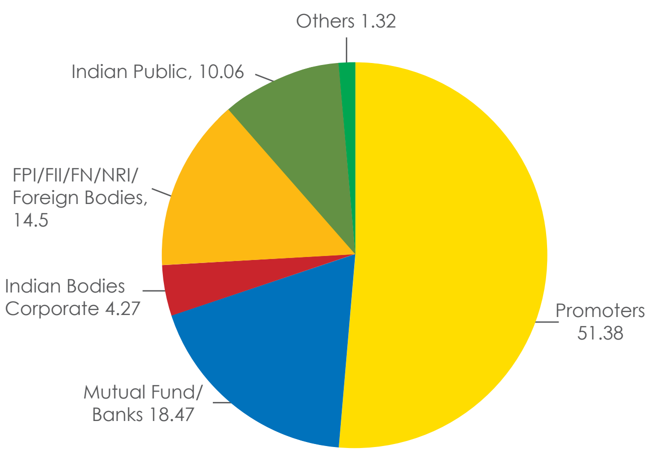
Shareholding of Nominal value of	Shareholders		Share Capital (Amount)	
	No.	% to total	In ₹	% to total
1-5000	35,744	98.63	84,19,664.00	6.10
5001- 10000	194	0.54	13,68,060.00	0.99
10001- 20000	129	0.36	17,32,464.00	1.26
20001- 30000	35	0.10	8,80,073.00	0.64
30001- 40000	17	0.05	5,93,438.00	0.43
40001- 50000	9	0.02	4,05,688.00	0.29
50001- 100000	27	0.07	19,41,184.00	1.41
100001& Above	84	0.23	12,26,90,080.00	88.89
Total	**36,239**	**100.00**	**13,80,30,651.00**	**100.00**

xi. Demat Status (As on March 31, 2019)

Mode	No. of shareholders	No. of shares	%
Demat	36,161	13,78,32,698	99.86
Physical	78	197,953	0.14
Total	**36,239**	**13,80,30,651**	**100**

xii. Category of Shareholders on PAN basis (As on March 31, 2019)

S. No.	Category	No. of shareholder	No. of shares held	Voting strength (%)
1	Promoters	5	7,09,20,110	51.38
2	Mutual Funds/Banks	19	2,54,93,559	18.47
3	Indian Bodies Corporate	729	58,90,373	4.27
4	FPI/FII/FN/NRI/Foreign Bodies	2,245	2,00,12,405	14.50
5	Indian Public	32,537	1,38,94,226	10.06
6	Others – (Clearing members, Trust, HUF, NBFC, IEPF etc.)	704	18,19,978	1.32
Total		**36,239**	**13,80,30,651**	**100.00**



Shareholding Pattern as on March 31, 2019

xiii. Web-based Redressal System for Investor Grievance

The Company and its Registrar & Share Transfer Agent i.e. Karvy Finetech 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 August 6, 2018 (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%20Portal.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 66,010 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. Credit Rating: CRISIL has upgraded the long term rating to CRISIL AA/Positive and further re-affirmed Short-term rating A1+ in respect of the various banking facilities availed by the company.

xvii. 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 6th November, 2018 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.

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Depository System: SEBI vide its Notification dated 08th June 2018, SEBI (LODR) (4thAmendment) Reg, 2018 has provided that transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. For shareholder's convenience, the process for getting shares dematerialized is as follow:

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.

xviii. 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.

xix. 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: May17, 2019

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, 2019.

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

Place: Gurugram
Date: May 17, 2019

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, 2019 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 17, 2019	Managing Director & CEO	Chief Financial Officer
	DIN: 00006651	

Annexure to CGR Report

Name of listed companies in which board members hold directorship as on March 31, 2019 alongwith their categories below:-

S.No	Name of Director & Designation	No. of positions held		
		Board	Name of the listed company where holding the position of director	Category of directorship held in aforesaid listed company
1.	Mr. Narayan K. Seshadri, Non-Executive Independent Chairman DIN 00053563	7	1. PI Industries Ltd. 2. Magma Fincorp Ltd. 3. Kalpataru Power Transmission Ltd. 4. Wabco India Ltd. 5. AstraZeneca Pharma India Ltd. 6. TVS Electronics Ltd. 7. CG Power and Industrial Solutions Limited	Non-Executive Independent Chairman Non-Executive Independent Chairman Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Chairman Non-Executive Non-Independent Director Non-Executive Independent Director
2.	Mr. Mayank Singhal, MD & CEO DIN 00006651	1	1. PI Industries Ltd.	Executive Director
3.	Mr. Rajnish Sarna, Whole-time Director DIN 06429468	1	1. PI Industries Ltd.	Executive Director
4.	Mrs. Ramni Nirula, Independent Director DIN 00015330	6	1. PI Industries Ltd. 2. DCM Shriram Ltd. 3. CG Power and Industrial Solutions Ltd. 4. Mcleod Russel India Ltd. 5. Eveready Industries India Ltd. 6. HEG Limited	Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director
5.	Mr. Ravi Narain, Independent Director DIN 00062596	2	1 PI Industries Ltd. 2. Escorts Limited	Non-Executive Independent Director Non-Executive Independent Director
6.	Mr. Pravin K. Laheri, Independent Director DIN 00499080	3	1. PI Industries Ltd 2. Gujarat Pipavav Port Ltd. 3. Sintex Plastics Technology Ltd.	Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director
7.	Mr. Arvind Singhal, Non-Independent Director DIN 00092425	1	1. PI Industries Ltd.	Non-Executive Non-Independent Director
8.	Dr T.S. Balganesh, Independent Director DIN : 00648534	1	1. PI Industries Ltd.	Non-Executive Independent Director

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, 2019 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 24A, 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 (as amended) (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.

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 of Signature: Gurugram
Date: May 17, 2019

Business Responsibility Report

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

Introduction

The Company firmly believes that good corporate governance practices coupled with the ingredients of the Triple Bottom Line i.e. economic, environmental and social performance drives the balanced development of your company that not only maximises shareholder value but also integrates sustainability and responsibility within the organisation.

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**	2018-19

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 29 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)**	₹ 13,80,30,651
2.	**Total Turnover (INR)**	₹ 28409 Mn.
3.	**Total profit after taxes (INR)**	₹ 4077 Mn.
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	₹ 98.54 Mn which is more than 2% of the average net profit of the Company for the last 3 Financial Year.

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

   a. Environmental Sustainability
   b. Education, Skill Development and Livelihood Enhancement Projects
   c. Health, Hygiene and Sanitation
   d. Women Empowerment
   e. Promotion of Rural Sports
   f. Rural development
   g. Training and Capacity Building of CSR Team and Administrative Expenses

   For details, kindly refer to Principle 8, Section E

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 : 00006651

ii. Name : Mr. Mayank Singhal

iii. Designation : Managing Director and CEO

b. Details of the BR head

S. No.	Particulars	Details
1	DIN (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.

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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. 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 the Managing 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.								

3. **Governance related to BR**

   (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

   Same is reviewed annually.

   (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

   It is published annually and forms part of Annual Report and can be assessed at Company's website.

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 ₹6,000 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) **HUMESOL** is a concentrated aqueous mixture of humic substances that is suitable for soil (broadcast, band and drip) and foliar application in food, fruit, vegetables plantations, cash & ornamental crops and turf. Humesol contains Humic Acid 18% Fulvic Acid 1.5% which are found in naturally occurring Leonardite, one the richest naturally available source of humic substances.

   HUMESOL has multiple actions on both plants and in soil thus benefit the overall soil and plant system, sustainably.

   Fulvic acid improves the plant metabolism and its stress resisting capabilities by entering inside the plant system, the other components of HUMESOL, humic acid & humins, improves nutrient bio-availability in the plant root zone and helps in soil conditioning.

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.6,000 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.**

   The company has a well-defined policy for Sustainable Procurement. The same not only reflects our commitment for Environment as well as Regulatory Compliances but also focuses on Health, Safety related aspects even at our Vendors' end. The company has taken many initiatives in this direction, some of which are indicated below :

   1. The company organised a Vendor Meet during September 2018 and discussed the sustainability objective with each supplier in detail. Also suggestions were imparted by the technical team to different suppliers for making their business more environment friendly, compliant and therefore sustainable in the long run.

   2. The company has modified the packing of various products to reduce the usage of plastic sleeves and many components including labels are getting printed on recycled paper.

   3. After initiating the transportation through Railways thereby reducing carbon footprint, the Company has also explored the possibility of supplying material via waterway and trial supplies using this mechanism will be made during FY 20.

   4. The company has drastically changed the Material Handling process and instead of drums, most of the bulk products are being sourced and stored in tankers / ISO Tanks. This not only helps in reducing the drum handling but also ensures better adherence to environment and safety guidelines.

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?**

   1. The Company has taken several initiatives to develop alternate suppliers in Indian domestic market for several critical raw materials. As a part of risk mapping of critical supplies from sustainability perspective, more than 65% raw material suppliers are developed in India which were otherwise being imported.

   2. Further to this, extensive efforts are being made to develop suppliers for various packaging materials within Gujarat state in periphery of 200 Kms which were otherwise being procured from other states at distance of 900 to 1000 Kms. Suppliers for many such packaging materials like HDPE bottles, Composite Drums, HDPE Drums, Monocartons, Labels etc. are being developed locally to improve carbon foot print and sustainability in procurement.

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 permanent employees.	2331
2.	Total number of employees hired on temporary/contractual/casual basis.	1814
3.	Number of permanent women employees.	56
4.	Number of permanent employees with disabilities	-

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 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.

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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.

The extension of PI Industries Sustainability policy is comprehensive and it addresses all stakeholders who has direct or indirect stake in the Company's business activities. To widen the extent of the coverage of the policy it's placed in the public domain via hosting it on the Company's website (www.piindustries.com). For PI sustainability is not a concept but it's the way the Company conducts its business. Sustainability perspective is at the core of all business decisions and the Company remains committed in making all possible efforts to ensure sustainability of operations not only for it 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 has always endured in addressing global environmental issues like climate change & global warming within and beyond its sphere of influence. The Company constantly devises plans and strategies to address this perilous issue. Over the years many actions have been undertaken on this front. A few glimpses of the initiatives undertaken are highlighted below:

a. The Company has drafted a well defined Sustainable Policy that puts forth the way forward in tacking carbon emissions and global climate change.

b. The Company is monitoring its raw material consumption, energy usage, emissions, and operational efficiencies and is constantly striving to improve on these parameters.

c. The Company has adopted stringent internal norms to ensure that there's a marked reduction in the emissions and the consumption patterns on a year on year basis.

d. The Company has constantly subjected itself to various audits viz. energy, ISO 14001: 2015 etc. to identify the areas for improvement and has developed detailed action plans based on the outcome of these audits.

e. The Company has undertaken efforts to reduce its environmental footprint in its supply chain by engaging with the concerned stakeholders.

f. The Company has conducted various awareness sessions, stakeholder engagements to ensure that each and every vertical of its engagement is aligned to its overall goal of addressing issues pertaining to global warming and climate change.

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

Yes, The Company does identify and asses all the potential environmental risks associated with its operations. The Company has prepared a detailed risk register taking into consideration the worst case scenarios and analysed the potential impact of these untoward incidents on the environment. Based on the analysis, detailed mitigation plans have been evolved to address the risks. These risk registers are reviewed on a frequent basis to accommodate the changes in the operations and the subsequent action plan developed owing to the proposed change. The company has made all round efforts to map the environmental risks not only in its operations but also other sectors within the value chain viz. transportation, Storage of finished goods, product application etc.

All the manufacturing units of the Company are guided by the tenets of ISO 14001, 2015 which places emphasis on environmental risk assessment. Besides these initiatives, before setting up of facilities, the Company carries out Environmental Impact Assessment (EIA) study to identify & assess all potential environmental risks that will come to the fore owing to the Company's operations. Based on this study, specific mitigation plans have been developed to address these environmental risks. The same philosophy is engaged for brownfield projects as well.

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. The Company has installed & commissioned Sewage Treatment Plant (STP) at its Panoli unit. The treated water from the STP is reused for drum cleaning, gardening and other process applications

b. The Company is upgrading its Effluent Treatment Plant (ETP) at Panoli. This upgradation will ensure better efficiency in waste water treatment.

c. On the water conservation front the Company has undertaken various initiatives like recycling of ejector steam condensate, reduction in consumption of soft water for cooling tower makeup due to change in MOC (wood to PVC) of drift eliminators at JMB, reduction in raw water consumption by substituting raw water with treated ETP water in scrubber applications at JMB.

d. For improving the reliability of online monitoring devices the company has installed pan tilt zoom cameras near the flow meters on the final discharge line of ETP and connected it with CPCB server at its Udaipur site.

e. For accurate and reliable monitoring of various environmental attributes, the company has set up a state of the art environment laboratory at its R&D facility in Udaipur.

f. In one of its products (PCM) the Company through its initiative of recycling solvent has reduced the consumption of fresh solvent, at its JMB facility.

g. New Scrubber system installed at the R&D facility in Udaipur for reduction of VOC emissions to the atmosphere.

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.

With respect to the current financial year there's no show cause/legal notice pending for want of action.

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. Federation of Indian Chambers of Commerce & Industry (FICCI)
2. Udaipur Chamber of Commerce & Industry (UCCI)
3. Crop Care Federation of India
4. Confederation of Indian Industry (CII)
5. Indian Chemical Council
6. Institute of Directors
7. National Accreditations Board
8. Bureau of Indian Standards

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 to leverage its CSR activities for inclusive growth. These initiatives include:-

1. **Environmental sustainability through conservation of natural resources & Sustainable Farming Practices:** - Sustained agriculture through conservation of water, reduction in drudgery, saving input cost and use of technology has led to a 25-30% savings in costs related to energy, labour etc. Our propagation of Direct Seeding of Rice (DSR) technique has impacted over 18 Lac Acres of farm land thereby saving up to 400 Billion Gallons of water this year. Our "Mobile Crop Clinic" Project has created awareness on Zero tillage, nutrient deficiency, and soil health and drip irrigation in crops across 40 villages of Samastipur district of Bihar benefitting approx. 5,000 farmers. In addition to this, we have also participated in educating and equipping around 30,000 farmers with alternatives to stubble burning contributing towards improving air quality.

2. **Health, Hygiene and Sanitation: -** Access to preventive health care by deploying Mobile Health care vans provides preventive, promotive and curative health services at the beneficiary's doorstep. More than **90,000** lives impacted through our "swastha seva" initiative this year.

   Construction of toilets in schools and households. Awareness and behaviour change programmes providing training regarding health and hygiene to school children, their parents and communities in the villages around Jambusar taluka in Bharuch, Gujarat.

   We have also undertaken safe drinking water Initiatives in the villages of Andhra Pradesh, Karnataka, Bihar and Gujarat to mitigate the challenges of safe drinking water. In states like Andhra Pradesh, Karnataka and Bihar, water has been made safe for drinking by installing RO water plants. These plants were installed at locations where excessive fluoride and iron content in the water had adversely affected the health of the rural masses. In Gujarat we have worked with Govt of Gujarat through Swajal Dhara Yojana. Our intervention has positively impacted the lives of around 50,000 underprivileged people by making access to safe drinking water.

3. **Education & Skill Development: -** We have undertaken age appropriate learning and teaching initiative whereby around 6,000 children across various Govt. schools were taught reading, writing, comprehension and arithmetic. To promote comprehensive learning our mobile education van has been imparting learning to the last mile through interactive techniques. This aims at improving the enrolment, reducing dropout, improvement in attendance, passing grades, and primary completion rates. The students have shown 35% increase in class appropriate learning levels and >75% Decrease in school absenteeism in our project area. 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.

   We are increasing the youth employability through employment linked skill-development courses on chemical plant operations, BPO, sales & Marketing and Hospitality in Gujrat, and Agri-skill development programmes in AP, Karnataka and Telangana. These courses have helped more than 650 Youth gain employment in organized sector jobs.

4. **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.

5. **Rural Infrastructure Development:** PI has provisioned for rural electricity under the CSR and has been providing suitable, sustainable and efficient street lights to the rural villages. During the current FY a village in Telangana has been provided with street lights. The project has significantly helped the poor villagers in travelling long distances from their agricultural fields during dark and has ensured women safety.

   In addition, we have also identified a dearth of basic sanitary facilities in the villages surrounding our plant locations. Hence, we have taken up the responsibility to develop and strengthen sewage system thereby contributing to the hygiene and cleanliness of the village.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

All the CSR Programmes are undertaken through PI Foundation which is the CSR arm for PI Industries. The foundation collaborates with reputed universities and organisations to involve experts in order to engage with various communities.

3. Have you done any impact assessment of your initiative?

We appraise our projects and internal assessment through efficient management system 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 2018-19, the Company has contributed an amount of ₹ 9.29 Mn. 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.

a) PI Foundation actively participated in Govt. of India's **Swachh Bharat Abhiyan** to supplement and compliment the gap areas as envisaged in the programme. Our approach was on facilitating clean Water, Sanitation and Hygiene (WASH) in attaining the overall objective:-

b) **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 and facilitating decentralized health delivery system with intersectoral convergence at all levels.

c) Under the **Ayushmaan Bharat**: We have disseminated knowledge about the new scheme along with furnishing documentation required for availing upto 5 Lakh medical insurance under the scheme.

d) Integration with scheme "ATMA: Agriculture technology Management Agency": Our efforts in revitalizing the extension system and making available the latest agricultural technologies in agri and allied sector like Dairy value chain, has witnessed successful adoption 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, 2019, 14 consumer complaints 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 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.

Independent Auditors' Report

To the Members of **PI Industries Limited**

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of PI Industries Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Estimation of provision for sales returns and discounts and volume rebates on sales impacting revenue on sale of products (Refer note 19 to the financial statements) Revenue from sale of products is presented net of returns, discounts and volume rebates in the financial statements. The management determines provision for sales returns, discounts and rebates on the basis of various factors such as the current and expected operating environment, sales returns variability and expected achievement of targets against various ongoing schemes floated. We determined the estimates associated with sales returns, discounts and volume rebates on sale of products as a key audit matter in view of it having significant impact on the recognised revenue and the involvement of management judgment in estimating the amounts at which these are expected to be settled.	In this regard, our audit procedures included: Understanding the policies and procedures applied to estimate the sales returns, discounts and volume rebates including evaluation and testing of the design and operating effectiveness of controls related to these estimates. Obtained management's calculations for the respective estimates and assessed the reasonableness of assumptions used by the management in determining the amount of provisions based on understanding of the market conditions. Assessed the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, ratio analysis of discounts, volume rebates and sales returns as a percentage of sale of last few years. Verified, if any credit notes were issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts. Based on the above procedures performed, the estimates made by the management in respect of provision for sales returns and discounts and rebates on sales were considered to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Impact assessment of first-time adoption of Ind AS 115 - Revenue from contracts with customers (Refer note 41 in the financial statements) The Ind AS 115 'Revenue from Contracts with Customers' has become applicable to the Company with effect from April 1, 2018 and the Company has recognised cumulative effect of initial application in the Opening Retained Earnings on that date. The application of this accounting standard has resulted in material financial impact on account of change in the timing of recognition of revenue. In respect of sale of goods, the revenue is now required to be recognised "over the period of time" instead of being recognised "at a point in time". The management has considered various factors such as alternative usability of the products, contractual obligation under the agreement and the overall margin of the contracts while making such assessment. We have determined this to be a key audit matter in view of exercise of management judgement and estimates and the significance of the amounts involved.	We performed the following audit procedures: - Evaluated and tested the design and implementation of the processes and the operating effectiveness of internal controls of the Company surrounding the implementation and recording adjustments arising from the adoption of Ind AS 115; - Examined management's assessment of the financial impact of change in timing of recognition of revenue on adoption of Ind AS 115. - Verified the adjustments made in the opening balance of retained earnings as well as for the current year's revenue, for a sample of contracts. - Evaluated reasonableness of the assumptions and the margins used for computing percentage of completion. - Assessed the appropriateness of disclosures made in the financial statements. Basis the procedures performed, we have not noted any significant exceptions in the management assessment of impact of first time adoption of Ind AS 115.

Other Information

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

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

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

   We have nothing to report in this regard.

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

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

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

ii. The Company has long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses.

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

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 14[f] 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, 2019

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

1. We have audited the internal financial controls with reference to financial statements of PI Industries Limited ("the Company") as of March 31, 2019 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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: FRN012754/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

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Annexure B to Independent Auditors' Report

Referred to in paragraph 13 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, 2019

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 properties, as disclosed in Note 4 on fixed assets to the financial statements, are held in the name of the Company, except for the immovable property mentioned below :

Amount in Rs. Million

Particulars	Gross Block	Net Block
Leasehold Land , Jambusar, Gujarat	152	151

The title deed with respect to the aforesaid land, has been subsequently registered in the name of the Company on April 22, 2019.

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, as applicable 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 provident fund, income tax, goods and service tax with effect from July 1, 2017, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, duty of customs, and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 33 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax and service-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, duty of customs, goods and service tax, duty of excise and value added tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded (Rs in Million)	Amount Paid under Protest (Rs in Million)	Period to which the amount relates	Forum where the dispute is pending
Assam Value Added Tax Act	Value Added Tax	0.15	0.04	2007-08	Joint Commissioner Guwahati
Kerala Value Added Tax Act	Value Added Tax	0.34	0.34	2008-09	Deputy Commissioner (Appeals) Earnakulam
Kerala Value Added Tax Act	Value Added Tax	0.18	0.18	2009-10	Deputy Commissioner (Appeals) Earnakulam
Madhya Pradesh Value Added Tax Act	Value Added Tax	0.40	0.40	2011-12	Deputy Commissioner (Appeals), Indore
Gujarat Value Added Tax Act	Value Added Tax	15.68	15.68	2011-12	Joint Commissioner, Vadodara

Name of the statute	Nature of dues	Amount Demanded (Rs in Million)	Amount Paid under Protest (Rs in Million)	Period to which the amount relates	Forum where the dispute is pending
Gujarat Value Added Tax Act	Value Added Tax	18.59	18.59	2012-13	Joint Commissioner, Baroda
West Bengal Value Added Tax Act	Value Added Tax	0.25	0.25	2013-14	Taxation Tribunal, Kolkata
Gujarat Value Added Tax Act	Value Added Tax	11.69	11.69	2013-14	Joint Commissioner, Baroda
Uttar Pradesh Goods and Service Tax Act	Goods and Service Tax	0.23	0.23	2017-18	Taxation Tribunal, UP
Income Tax Act	Income Tax	24.61	-	2011-12	Rajasthan High Court
Income Tax Act	Income Tax	20.42	3.06	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	32.99	5.00	2013-14	Commissioner of Income Tax (Appeals)
Central Excise Act	Excise Duty	4.49	4.49	1987-88	Rajasthan High Court
Central Excise Act	Cenvat Credit	15.92	-	March, 2011 to June 2013	CESTAT
Central Excise Act	Excise Duty	4.82	5.30	December 2014 to July 2015	Commissioner (Appeals), Jammu
Custom Act	Custom Duty	113.93	-*	2008	Assistant Commissioner of Customs, Mumbai

*Company has issued Bank Guarantee amounting to Rs 113.93 Million towards custom duty demand.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank 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 the requisite 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 Accountant LLP**
Firm Registration Number: FRN 012754N/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place : Gurugram
Date: May 17, 2019

Balance Sheet

AS AT MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,773	9,886
Capital work-in-progress		1,544	691
Other intangible assets	5	66	71
Intangible asset under development	6	284	208
Financial assets			
(i) Investments	7(a)	110	15
(ii) Loans	7(c)	97	74
(iii) Other financial assets	7(g)	118	42
Deferred tax assets	16	127	252
Other non-current assets	9	454	390
Total non-current assets		**14,573**	**11,629**
Current assets			
Inventories	8	5,357	4,520
Financial assets			
(i) Investments	7(b)	1,119	1,595
(ii) Trade receivables	7(d)	6,618	5,268
(iii) Cash and cash equivalents	7(e)	587	1,152
(iv) Bank balances other than (iii) above	7(f)	244	52
(v) Loans	7(c)	109	78
(vi) Other financial assets	7(g)	219	190
Contract assets	7(h)	520	-
Current tax assets	10	-	2
Other current assets	9	2,101	1,664
Total current assets		**16,874**	**14,521**
Total assets		**31,447**	**26,150**
EQUITY & LIABILITIES			
Equity			
Equity share capital	11	138	138
Other equity	12	22,609	18,984
Total equity		**22,747**	**19,122**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	14(a)	99	463
(ii) Other financial liabilities	14(c)	190	183
Provisions	15	289	233
Total non current liabilities		**578**	**879**
Current Liabilities			
Financial liabilities			
(i) Trade payables	14(b)		
a) total outstanding dues of micro enterprises and small enterprises		48	47
b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,093	3,656
(ii) Other financial liabilities	14(c)	2,414	2,140
Provisions	15	126	107
Other current liabilities	17	435	199
Current tax liabilities	18	6	-
Total current liabilities		**8,122**	**6,149**
Total liabilities		**8,700**	**7,028**
Total equity and liabilities		**31,447**	**26,150**
Notes to accounts	**1 to 43**		

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

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

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

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, 2019
(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Revenue from operations	19	28,409	23,087
Other income	20	600	600
Total income		**29,009**	**23,687**
Expenses:			
Cost of materials consumed		13,728	10,837
Purchase of stock in trade		1,274	776
Changes in inventories of finished goods, work in progress and stock in trade	21	500	77
Excise duty on sale of goods		-	316
Employee benefit expense	22	2,625	2,400
Finance cost	26	59	59
Depreciation and amortisation expense	25	926	826
Other expense	23	4,551	3,760
Total expenses		**23,663**	**19,051**
Profit before tax		**5,346**	**4,636**
Income tax expense	27		
Current tax		(1,169)	(995)
Deferred tax		(100)	25
Total tax expense		**(1,269)**	**(970)**
Profit for the year		**4,077**	**3,666**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		(2)	17
Income tax relating to the above item		1	(6)
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		120	(131)
Income tax relating to the above item		(42)	45
Total comprehensive income for the year		**4,154**	**3,591**
Earnings per equity share	29		
1) Basic (in ₹)		29.56	26.62
2) Diluted (in ₹)		29.54	26.55
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 43		

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

This is the statement of profit 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 17, 2019

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

Inspired by Science

Statement of Changes in Equity

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

a. Equity share capital

Particulars	Note	As at March 31, 2019		As at March 31, 2018	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	11	137,907,318	138	137,586,624	138
Changes in equity share capital during the period		123,333	0	320,694	0
Balance at the end of the reporting period		**138,030,651**	**138**	**137,907,318**	**138**

b. Other equity

Particulars	Note	Reserves & Surplus					Other Reserves	Total other equity
		Capital reserve	Securities premium reserve	Share option outstanding account	General reserve	Retained earnings	Effective portion of cash flow hedges	
Balance at April 1, 2017		15	1,909	141	1,857	11,893	135	15,950
Profit for the year		-	-	-	-	3,666	-	3,666
Other comprehensive income		-	-	-	-	11	(86)	(75)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**3,677**	**(86)**	**3,591**
Transactions with owners in their capacity as owners:								
Premium on issue of equity shares through ESOP	12 b.	-	144	-	-	-	-	144
Shares issued under ESOP scheme	12 c.	-	-	(56)	-	-	-	(56)
Expense on Employee Stock Option Scheme	12 c.	-	-	17	-	-	-	17
Dividends paid	13	-	-	-	-	(550)	-	(550)
Dividend Distribution Tax (DDT)	13	-	-	-	-	(112)	-	(112)
Balance at March 31, 2018		**15**	**2,053**	**102**	**1,857**	**14,908**	**49**	**18,984**
Profit for the year		-	-	-	-	4,077	-	4,077
Change in accounting policy- Adjustment of Ind AS 115	12 e.	-	-	-	-	216	-	216
Other comprehensive income	12 e, f	-	-	-	-	(1)	78	77
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**4,292**	**78**	**4,370**
Transactions with owners in their capacity as owners:								
Premium on issue of Equity Shares through ESOP	12 b.	-	116	-	-	-	-	116
Shares issued under ESOP scheme	12 c.	-	-	(42)	-	-	-	(42)
Expense on Employee Stock Option Scheme	12 c.	-	-	13	-	-	-	13
Dividends paid	13	-	-	-	-	(690)	-	(690)
Dividend Distribution Tax (DDT)	13	-	-	-	-	(142)	-	(142)
Balance at March 31, 2019		**15**	**2,169**	**73**	**1,857**	**18,368**	**127**	**22,609**

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 17, 2019

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 Flow

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Income Tax	**5,346**	**4,636**
	Adjustments for :-		
	Depreciation and amortisation expense	926	826
	Finance costs	59	59
	Provision for Bad and Doubtful debts & Advances	179	69
	Interest Income on Financial Assets at amortised cost	(193)	(262)
	Unwinding of discount on Security Deposits	(10)	(2)
	Expense on Employee Stock Option Scheme	13	17
	(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	13	5
	(Gain)/Loss on sale of Investments (Net)	(198)	(8)
	(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	89	(71)
	Impact of Ind AS 115 adjustment taken to retained earnings	216	-
	Unrealised (Gain)/Loss on foreign currency transactions (Net)	127	(79)
	Operating Profit before Working Capital changes	**6,567**	**5,190**
	(Increase) / Decrease in Trade Receivables	(1,493)	(905)
	(Increase) / Decrease in Current financial assets - Loans	(21)	13
	(Increase) / Decrease in Current Contract Assets	(520)	-
	(Increase) / Decrease in Non-current financial assets - Loans	(23)	(47)
	(Increase) / Decrease in Other current financial assets	(48)	(31)
	(Increase) / Decrease in Other non-current financial assets	(82)	(12)
	(Increase) / Decrease in Other current assets	(437)	(740)
	(Increase) / Decrease in Other non-current assets	(5)	22
	(Increase) / Decrease in Other bank balances	16	55
	(Increase)/Decrease in Inventories	(837)	(201)
	Increase / (Decrease) in Current provisions and Trade payables	1,490	832
	Increase / (Decrease) in Non-current provisions	56	6
	Increase / (Decrease) in Other current financial liabilities	119	29
	Increase / (Decrease) in Other non-current financial liabilities	7	11
	Increase / (Decrease) in Other current liabilities	236	(120)
	Cash generated from Operations before tax	**5,025**	**4,102**
	Income Taxes paid (Includes TDS)	(1,177)	(957)
	Net cash inflow (outflow) from Operating Activities	**3,848**	**3,145**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(3,683)	(1,695)
	Proceeds from sale of property, plant & equipment	8	(0)
	Purchase of Investment in Subsidiary	(95)	-
	Purchase and Sale of Current Investments	379	(390)
	Interest Received	193	262
	Net cash used in Investing Activities	**(3,198)**	**(1,823)**
	Net cash inflow (outflow) from Operating and Investing Activities	**650**	**1,322**

Statement of Cash Flow

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	0	0
Premium on issue of equity shares under ESOP scheme	75	88
Repayment of Borrowings - Term Loan	(399)	(365)
Interest paid (Net)	(59)	(59)
Dividends paid (including Tax)	(832)	(662)
Net Cash inflow (outflow) from Financing Activities	**(1,215)**	**(998)**
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	**(565)**	**324**
Net increase (decrease) in Cash & Cash equivalents	**(565)**	**324**
Opening balance of Cash & Cash equivalents	**1,152**	**828**
Closing balance of Cash & Cash equivalents	**587**	**1,152**
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 7(e)):-		
i) Cash on Hand	1	1
ii) Balance with Banks :		
-In Current Accounts	125	142
-In Fixed Deposits	461	1,009
Total	**587**	**1,152**

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

Figures in brackets indicate cash outflows.

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

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

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, 2019
(All amount in ₹ million, unless otherwise stated)

1. Corporate Information

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

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

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

2. Basis of preparation

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

a) Statement of compliance

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

These financial statements were authorised for issue by the Board of Directors on May 17, 2019.

b) Basis of measurement

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

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

c) New and Amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

- IND AS 115, Revenue from Contracts with Customers
- Amendment to IND AS 12, Income Taxes

The Company had to change its accounting policies and make certain adjustments following the adoption of IND AS 115. This is disclosed in Note 41. The other amendments listed above did not have any impact on the amount recognized in prior periods and are not expected to significantly affect current or future periods.

d) Functional and presentation currency

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

e) Current or Non- current classification

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

f) Use of judgements and estimates

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

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

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

- Recognition and measurement of provisions and contingencies.

g) The Company recognises revenue over the period of time for contracts wherein the Company's performance for the products does not create an asset with alternative use to the Company and the Company has an enforceable right to payment for performance completed till date. Management has determined that it is highly probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. Accordingly, revenue is recognised for these contracts based on Input method wherein amount of revenue to be recognised is determined based on the actual cost incurred till date and the estimated margin on the contract.

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

3. Significant Accounting Policies

a) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

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

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

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

ii) Transition to Ind AS

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

iii) Depreciation

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

-	Buildings including factory buildings and Roads	3 - 60 years
-	Plant and machinery	15 years
-	Electrical installations and 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:

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

-	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 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 Company are measured at cost, less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets - Research and development

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

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

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

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

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

ii) Transition to Ind AS

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

iii) Amortisation

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

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

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

c) Impairment of non-financial assets

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

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

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

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

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

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

d) Financial instruments

i) Initial recognition

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

ii) Subsequent measurement

i) Financial assets carried at amortized cost

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

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

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

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

iii) Financial assets at fair value through profit or loss

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

iv) Financial liabilities

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

v) Investment in subsidiaries

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

iii) Impairment of financial assets

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

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

iv) Derecognition

Financial Assets

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

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

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 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 / Goods and service tax credit.

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

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

g) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

h) Revenue Recognition

i) Sale of goods

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

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

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

ii) Sale of services

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

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FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

iii) Export Incentives

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

iv) Interest Income

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

v) Dividends

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

i) Employee Benefits

i) Short term employee benefits

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

ii) Defined contribution plans

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

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

iii) Defined benefit plans

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

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

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

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

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

iv) Other long-term employee benefits

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

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

j) Foreign currency transactions

Initial recognition

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

Conversion

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

Exchange difference

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

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

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

k) Borrowing costs

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

l) Income tax

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

i) Current tax

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

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

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

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

ii) Deferred tax

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

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

Notes to the Financial Statements

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

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

m) Segment Reporting

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

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

n) Cash and cash equivalents

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

o) Cash flow statement

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

p) Lease

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 transaction:

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

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

r) 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

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4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount								
As at beginning of April 01, 2017	201	6	2,625	7,579	94	77	1	10,583
Additions	-	-	296	989	38	20	1	1,344
Disposals	-	-	-	(8)	-	(0)	(0)	(8)
As at March 31, 2018	**201**	**6**	**2,921**	**8,560**	**132**	**97**	**2**	**11,919**
Additions *	152	45	643	1,895	27	21	31	2,814
Disposals	-	-	-	(34)	(0)	-	-	(34)
As at March 31, 2019	**353**	**51**	**3,564**	**10,421**	**159**	**118**	**33**	**14,699**
Accumulated depreciation								
As at beginning of April 01, 2017	**4**	**-**	**138**	**1,053**	**12**	**22**	**1**	**1,230**
Depreciation charge during the year	2	-	106	669	11	17	1	806
Disposals	-	-	-	(2)	-	(0)	(1)	(3)
As at March 31, 2018	**6**	**-**	**244**	**1,720**	**23**	**39**	**1**	**2,033**
Depreciation charge during the year	3	-	123	744	15	19	3	906
Disposals	-	-	-	(13)	(0)	0	-	(13)
As at March 31, 2019	**9**	**-**	**367**	**2,451**	**37**	**58**	**4**	**2,926**
Net carrying amount								
As at March 31, 2018	**195**	**6**	**2,677**	**6,840**	**109**	**58**	**1**	**9,886**
As at March 31, 2019	**344**	**51**	**3,197**	**7,970**	**122**	**60**	**29**	**11,773**

* Addition in Leasehold land in the current year represents land which is pending registration in the name of the Company as at March 31, 2019. The same has been subsequently registered on April 22, 2019.

a. Depreciation for the year includes depreciation amounting to ₹ 100 (March 31, 2018 ₹ 90) on assets used for Research & Development. During the year, The Company incurred ₹ 50 (March 31, 2018 ₹ 167) towards capital expenditure for Research & Development (Refer Note 28).

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

c. Refer note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the Financial Statements

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(All amount in ₹ million, unless otherwise stated)

5. OTHER INTANGIBLE ASSETS

	Computer Software	Product Development	Total
Gross carrying amount			
As at beginning of April 01, 2017	88	10	98
Additions	17	-	17
As at March 31, 2018	**105**	**10**	**115**
Additions	15	-	15
As at March 31, 2019	**120**	**10**	**130**
Accumulated amortisation			
As at beginning of April 01, 2017	20	4	24
Amortisation charge during the year	18	2	20
As at March 31, 2018	**38**	**6**	**44**
Amortisation charge during the year	18	2	20
As at March 31, 2019	**56**	**8**	**64**
Net Carrying Amount			
As at March 31, 2018	**67**	**4**	**71**
As at March 31, 2019	**64**	**2**	**66**

6. INTANGIBLE ASSETS UNDER DEVELOPMENT

	Total
As at beginning of April 01, 2017	190
Additions	49
Disposal	(31)
As at March 31, 2018	**208**
Additions	76
As at March 31, 2019	**284**

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

7. FINANCIAL ASSETS

7(a) NON-CURRENT INVESTMENTS

	As at March 31, 2019	As at March 31, 2018
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	4	4
3,60,000 (March 31, 2018 : 3,60,000) Equity Shares of ₹ 10 each fully paid		
b) PI Life Science Research Limited	104	9
14,97,325 (March 31, 2018 : 9,45,000) Equity Shares of ₹ 10 each fully paid		
c) PI Japan Company Limited	2	2
100 (March 31, 2018 : 100) Equity Shares of ₹ 18,600 each fully paid - (JPY 50,000 each)		
TOTAL	**110**	**15**
Aggregate amount of un-quoted investments	110	15
Aggregate amount of impairment in the value of investments	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

7(b) CURRENT INVESTMENTS

	As at March 31, 2019	As at March 31, 2018
Investment in mutual funds at FVTPL		
Quoted	-	
a) Reliance Liquid Fund-Treasury Plan-Growth Plan-Growth Option		325
Nil (March 31, 2018 : 77,036.308) Units	-	
b) SBI Premier Liquid Fund-Regular Plan-Growth		312
Nil (March 31, 2018 : 1,14,726.879) Units	-	
c) ICICI Prudential Liquid Plan-Growth		326
Nil (March 31, 2018 : 12,70,018.482) Units	-	
d) HDFC Liquid Fund-Regular Plan-Growth		321
Nil (March 31, 2018 : 94,323.052) Units	-	
e) Aditya Birla Sun Life Cash Plus-Growth-Direct Plan		311
Nil (March 31, 2018 : 1,113,090.088) Units		
f) Reliance Liquid Fund - Direct Plan Growth Plan - Growth Option	220	-
48,256 (March 31, 2018 : Nil) Units		
g) Aditya Birla Sun Life Liquid Fund-Growth-Direct Plan	196	-
6,53,069 (March 31, 2018 : Nil) Units		
h) HDFC Liquid Fund-Regular Plan-Growth	257	-
70,151 (March 31, 2018 : Nil) Units		
i) SBI Liquid Fund Direct Growth	446	-
1,52,342 (March 31, 2018 : Nil) Units		
Quoted TOTAL	**1,119**	**1,595**
Aggregate amount of quoted investments and market value thereof	**1,119**	**1,595**
Aggregate amount of impairment in the value of investments	-	-

7(c) LOANS

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless stated otherwise				
Security deposits*	39	38	7	3
Loans and advances to related parties (Refer Note 35)	58	36	49	42
Other loans and advances				
Employee advances				
Considered good	-	-	5	3
Doubtful	-	-	2	1
Less: Allowance for doubtful employee advances	-	-	(2)	(1)
Other miscellaneous advances	-	-	48	30
TOTAL	**97**	**74**	**109**	**78**

* Includes ₹ 0 (March 31, 2018 ₹ 0) rent deposit to PILL Finance & Investment Limited.

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Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

7(d) TRADE RECEIVABLES

	As at March 31, 2019	As at March 31, 2018
Trade receivables	**6,939**	**5,455**
Receivables from related parties (Refer note 35)	-	6
Less: Allowance for doubtful debts	(321)	(193)
TOTAL	**6,618**	**5,268**
Current portion	**6,618**	**5,268**
Non-current portion	-	-
Break up of security details		
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured	6,939	5,461
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
	6,939	**5,461**
Less: Allowance for doubtful debts	(321)	(193)
TOTAL	**6,618**	**5,268**

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

7(e) CASH AND CASH EQUIVALENTS

	As at March 31, 2019	As at March 31, 2018
(i) Cash & Cash Equivalents		
Balance with banks		
In Current Accounts	65	131
In EEFC account	60	11
Cash on hand	1	1
Deposits with maturity of less than 3 months*	461	1,009
TOTAL	**587**	**1,152**

* Includes deposits amounting to ₹ Nil (March 31, 2018 : ₹ 207) held as margin money.

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

	As at March 31, 2019	As at March 31, 2018
In deposit accounts held as margin money	31	46
Fixed deposits with bank	206	-
In unclaimed dividend accounts *	7	6
TOTAL	**244**	**52**

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

7(g) OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
-Considered good	-	-	94	88
-Doubtful	-	-	121	80
Less: Allowance for doubtful debts	-	-	(121)	(80)
Deposits lodged with Excise & Sales Tax department	28	27	-	-
Deposit accounts held as margin money	0	5	5	0
Derivative financial instruments - foreign exchange forward contracts	90	10	120	102
TOTAL	**118**	**42**	**219**	**190**

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7(h) CONTRACT ASSETS

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

- Assets recognized from costs to fulfil a contract

There is no asset recognized from costs to obtain or fulfil a contract with a customer.

Revenue recognised that was included in the contract liability balance at the beginning of the period was ₹ 116

8. INVENTORIES

	As at March 31, 2019	As at March 31, 2018
Raw materials {includes stock-in-transit ₹ 1,048 (March 31, 2018 : ₹ 553)}	3,504	2,080
Work in progress	595	369
Finished goods *{includes stock-in-transit ₹ 183 (March 31, 2018 : ₹ 629)}	735	1,710
Stock in trade *{includes stock-in-transit ₹ Nil (March 31, 2018 : ₹ 22)}	292	150
Stores & spares {includes stock-in-transit ₹ 6 (March 31, 2018 : ₹ 6)}	231	211
TOTAL	**5,357**	**4,520**

* The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounts to ₹ 68 (March 31, 2018: ₹ 49)

9. OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Considered good unless stated otherwise				
Capital advances				
Considered good	383	325	-	-
Doubtful	1	1	-	-
Less: Allowance for doubtful advances	(1)	(1)	-	-
Advances to vendors				
Considered good	-	-	627	426
Doubtful	-	-	11	10
Less: Allowance for doubtful advances	-	-	(11)	(10)
Balance with Central Excise Authorities, Customs etc.	-	-	93	181
Prepayments	11	10	58	104
Other statutory advances	0	0	657	526
Export incentive receivables	-	-	559	427
Right to recover returned goods (Refer note 41)	-	-	107	-
Other miscellaneous advances*	60	55	-	-
TOTAL	**454**	**390**	**2,101**	**1,664**

* Other miscellaneous advances includes amount of ₹ 55 (March 31, 2018 : ₹ 50) deposited Sale Tax Authorities under protest.

10. CURRENT TAX ASSETS

	As at March 31, 2019	As at March 31, 2018
Advance income tax (Net of provision for income tax ₹ 7,229 {March 31, 2018 ₹ 5,963})	-	2
TOTAL	**-**	**2**

Notes to the Financial Statements

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11. EQUITY SHARE CAPITAL

	As at March 31, 2019	As at March 31, 2018
Authorised Shares		
22,30,00,000 (March 31, 2018 : 22,30,00,000) Equity Shares of ₹1 each (March 31, 2018 : ₹ 1 each)	223	223
50,00,000 (March 31, 2018 : 50,00,000) Preference Shares of ₹100 each (March 31, 2018 : ₹ 100 each)	500	500
	723	**723**
Issued Shares		
13,82,07,226 (March 31, 2018 : 13,80,83,893) Equity Shares of ₹1 each (March 31, 2018 : ₹ 1 each)	138	138
	138	**138**
Subscribed & Fully Paid up Shares		
13,80,30,651 (March 31, 2018 : 13,79,07,318) Equity Shares of ₹1 each (March 31, 2018 : ₹ 1 each)	138	138
Total subscribed and fully paid up share capital	**138**	**138**

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

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

The Company has only one class of Equity Shares having a par value of ₹1 per share (March 31, 2018 ₹ 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, 2019, the Company has issued 1,23,333 equity shares of ₹ 1 each (March 31, 2018: 3,20,694 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 1,63,691 equity shares of face value of ₹ 1 each (March 31, 2018 2,33,496 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, 2019: 2,31,200 equity shares of face value of ₹ 1 per share (March 31, 2018: 2,66,748 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 31)

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

Issued share capital

Equity Shares

Name of Shareholders	Equity Share (No. of Shares)		Value of Equity Shares	
	2018-19	2017-18	2018-19	2017-18
Share outstanding at beginning of period	138,083,893	137,763,199	138	138
Shares issued under employee stock option scheme	123,333	320,694	0	0
Share outstanding at end of period	**138,207,226**	**138,083,893**	**138**	**138**

Equity Shares

Name of Shareholders	Equity Share (No. of Shares)		Value of Equity Shares	
	2018-19	2017-18	2018-19	2017-18
Share outstanding at beginning of period	137,907,318	137,586,624	138	138
Shares issued under employee stock option plan	123,333	320,694	0	0
Share outstanding at end of period	**138,030,651**	**137,907,318**	**138**	**138**

Notes to the Financial Statements

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(All amount in ₹ million, unless otherwise stated)

e. **Shares reserved for issue under option**

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

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

Equity Shares

Name of Shareholders	2018-19		2017-18	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	6.20	8,554,857	6.20
Ms. Madhu Singhal	21,560,500	15.62	21,560,500	15.63
Mr. Mayank Singhal	32,028,510	23.20	32,028,510	23.22
Ms. Pooja Singhal	8,665,550	6.28	8,665,550	6.28
ICICI Prudential Value Discovery Fund	6,073,466	4.40	7,345,756	5.33

12. OTHER EQUITY

Reserves & surplus	As at March 31, 2019		As at March 31, 2018	
a. Capital reserve				
Balance at the beginning of the financial year	15		15	
Addition during the financial year	-	15	-	15
Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b. Securities premium reserve				
Balance at the beginning of the financial year	2,053		1,909	
Add: Premium on issue of equity shares through ESOP	116	2,169	144	2,053
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	102		141	
Less: Expense on employee stock option scheme	13		17	
Less: Shares issued under employee stock option scheme	(42)	73	(56)	102
The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 31).				
d. General reserve				
Balance at the beginning of the financial year	1,857		1,857	
Add: Transferred during the financial year	-	1,857	-	1,857
e. Surplus in statement of profit & loss				
Balance at the beginning of the financial year	14,908		11,893	
Addition during the financial year	4,077		3,666	
Add: Change in accounting policy- Adjustment of Ind AS 115 (Refer note 41)	216		-	
Add: Remeasurement gain / (loss) on defined benefit plans through OCI	(1)		11	
Less: Interim dividend	(345)		(206)	
Less: Final dividend	(345)		(344)	
Less: Dividend distribution tax on equity shares	(142)	18,368	(112)	14,908
Items of other comprehensive income				
f. Cash flow hedge reserve				
Balance at the beginning of the financial year	49		135	
Add: Other comprehensive income for the financial year	78	127	(86)	49
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		**22,609**		**18,984**

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

13. DISTRIBUTION MADE AND PROPOSED

		As at March 31, 2019	As at March 31, 2018
A	**Dividends declared and paid:**		
	Final dividend (March 31, 2019 pertains to financial year 2017-18 and March 31, 2018 pertians to financial year 2016-17)	345	344
	Interim dividend (March 31, 2019 pertains to financial year 2018-19 and March 31, 2018 pertians to financial year 2017-18)	345	206
	Total dividends	690	550
	The Company has paid tax on dividend amounting to ₹ 142 (March 31, 2018 ₹ 112)		
B	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, subsequent to the year end the Board of Directors have recommended a final dividend of ₹ 1.50 per fully paid equity share (March 31, 2018 ₹ 2.50).	207	345
	Tax on dividend	42	70
	This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

14. FINANCIAL LIABILITIES

14(a) BORROWINGS (NON-CURRENT)

	Non- Current maturities		Current maturities	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Secured				
Term Loans - From Banks and Financial Institutions				
Foreign Currency Loans from Banks	99	463	395	373
Less: Interest accrued but not due on borrowings (included in Note 14(c))	-	-	2	2
TOTAL	**99**	**463**	**393**	**371**

a. **Foreign currency loans includes:**

External commercial borrowings (ECB) from HSBC bank amounting to USD 7 Mn carrying interest rate of 3 months LIBOR plus 1.42% is outstanding as on March 31, 2019 and is repayable in balance 5 quarterly instalments of USD 1 Mn 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 ₹ 1,805. Refer note 40.

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, 2019	As at March 31, 2018
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	(393)	(371)
Non-current portion of long term financial borrowings	(99)	(463)
Interest accrued but not due on borrowings	(2)	(2)
TOTAL	**(494)**	**(836)**

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

	As at March 31, 2019
Balance as at March 31, 2018	(836)
Foreign exchange adjustments	(56)
Interest expense	(29)
Interest paid	30
Amortisation of Prepaid Processing Charges on Term Loan	(2)
Re-payments	399
Balance as at March 31, 2019	**(494)**

14(b) TRADE PAYABLES

	As at March 31, 2019	As at March 31, 2018
Trade payables		
-Due to micro and small enterprises (Refer Note 36)	48	47
-Other trade payables*	5,093	3,656
TOTAL	**5,141**	**3,703**

* Other trade payable includes amount due to related parties amounting to ₹ 14 (March 31, 2018 ₹ 20)

14(c) OTHER FINANCIAL LIABILITIES

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Employee payables *	-	-	523	485
Security deposits from dealers	189	181	-	-
Security deposits from contractors	1	2	3	3
Current maturities of long-term borrowings (Refer Note 14 (a))	-	-	393	371
Interest accrued but not due on borrowings	-	-	2	2
Unclaimed dividends	-	-	7	6
Creditors for capital purchases	-	-	371	239
Other payable **	-	-	1,115	1,034
TOTAL	**190**	**183**	**2,414**	**2,140**

* This includes due to directors amounting to ₹ 93 (March 31, 2018 ₹ 68)

** This includes due to non-executive/ independent directors amounting to ₹ 17 (March 31, 2018 : ₹ 12)

15. PROVISIONS

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits*				
Long term compensated absences	111	97	8	6
Gratuity	178	136	-	-
	289	**233**	**8**	**6**
Provisions for legal claims	-	-	118	101
	-	-	118	101
TOTAL	**289**	**233**	**126**	**107**

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

(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, 2019 total differential custom duty demand is ₹ 114 (March 31, 2018: ₹ 97). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 4 (March 31, 2018: ₹ 4). 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

	Legal claims
As at 1 April 2017	82
Provisions made during the year	19
As at 31 March 2018	101
Provisions made during the year	17
As at March 31, 2019	**118**

16. DEFERRED TAX (ASSETS) / LIABILITIES

The balance comprises temporary differences attributable to:		As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities			
Property, plant and equipment		1,093	1,032
Intangible assets		14	16
Other comprehensive income items			
- Remeasurements on defined benefit plans		(17)	(16)
- Effective portion on cash flow hedges		58	16
	A	**1,148**	**1,048**
Deferred tax assets			
Provision for employee benefits		(42)	(89)
Other provisions		(17)	(11)
Other financial liabilities		(8)	(5)
Trade receivables		(155)	(67)
Other financial assets		-	(28)
Others		(5)	(4)
Minimum alternate tax (MAT) credit entitlement		(1,048)	(1,096)
	B	**(1,275)**	**(1,300)**
Net deferred tax (assets)/ liabilities	TOTAL	**(127)**	**(252)**

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

Movement in deferred tax:	As at March 31, 2018	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2019
Deferred tax liabilities					
Property, plant and equipment	1,032	61	-	-	1,093
Intangible assets	16	(2)	-	-	14
Other comprehensive income items					
- Remeasurements on defined benefit plans	(16)	-	(1)	-	(17)
- Effective portion on cash flow hedges	16	-	42	-	58
Sub- Total (a)	**1,048**	**59**	**41**	**-**	**1,148**
Deferred tax assets					
Provision for employee benefits	89	(47)	-	-	42
Other provisions	11	6	-		17
Other financial liabilities	5	3	-	-	8
Trade receivables	67	88	-	-	155
Other financial assets	28	(28)	-	-	-
Others	4	1	-	-	5
Minimum alternate tax (MAT) credit entitlement	1,096	(64)	-	16	1,048
Sub- Total (b)	**1,300**	**(41)**	**-**	**16**	**1,275**
Net deferred tax liability (a)-(b)	**(252)**	**100**	**41**	**(16)**	**(127)**

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

Movement in deferred tax:	As at March 31, 2017	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2018
Deferred tax liabilities					
Property, plant and equipment	945	87	-	-	1,032
Intangible assets	14	2	-	-	16
Other comprehensive income items				-	
- Remeasurements on defined benefit plans	(22)	-	6	-	(16)
- Effective portion on cash flow hedges	61	-	(45)	-	16
Sub- Total (a)	**998**	**89**	**(39)**	**-**	**1,048**
Deferred tax assets					
Provision for employee benefits	58	31	-	-	89
Other provisions	-	11	-	-	11
Other financial liabilities	13	(8)	-	-	5
Trade receivables	51	16	-	-	67
Other financial assets	23	5	-	-	28
Others	1	3	-	-	4
Minimum alternate tax (MAT) credit entitlement	1,032	56	-	8	1,096
Sub- Total (b)	**1,178**	**114**	**-**	**8**	**1,300**
Net deferred tax liability (a)-(b)	**(180)**	**(25)**	**(39)**	**(8)**	**(252)**

* Actualisation of MAT credit entitlement for the FY 2016-17 on the basis of tax return filed.

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Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

17. OTHER LIABILITIES

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Advance from customers	-	-	125	116
Refund/ Return liabilities *	-	-	208	-
Statutory dues payable	-	-	102	83
TOTAL	**-**	**-**	**435**	**199**

The Company has a customary practice of accepting return and accordingly, the Company has recognised a refund liability for the amount of consideration received for which the Company does not expect to be entitled amounting to ₹ 208 (March 31, 2018: Nil). The Company has also recognised a right to recover the returned goods ₹107 (March 31, 2018: Nil); see note 41. The costs to recover the products are not material because the customers usually return the product in a saleable condition.

18. CURRENT TAX LIABILITIES

	As at March 31, 2019	As at March 31, 2018
Provision for Income Tax (Net of Advance Income Tax ₹ 7,223 {March 31, 2018 ₹ 5,965})	6	-
TOTAL	**6**	**-**

19. REVENUE FROM OPERATIONS

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations includes		
a. Sale of products (including excise duty)	27,918	22,747
b. Sale of services;	2	15
c. Other operating revenues:		
Scrap sales	18	14
Export incentives	471	311
Revenue From Operations (Net)	**28,409**	**23,087**

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, 2019 are not comparable with those of the previous year.

See note 41 for details about restatements for change in accounting policies consequent to adoption of IND AS 115.

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

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
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Critical judgements in recognising revenue :

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

20. OTHER INCOME

The balance comprises temporary differences attributable to:	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income from financial assets at amortised cost	193	262
Unwinding of discount on security deposits	10	2
Net gain on investments		
'-Realized Gain	198	8
'-Unrealized Gain/ (Loss)	(89)	71
Net foreign exchange differences *	240	235
Miscellaneous Income	48	22
TOTAL	**600**	**600**

* Net of amount of loss ₹ 55 (March 31, 2018 ₹ 2) which has been transferred to Capital work in progress during the year.

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

	Year ended March 31, 2019		Year ended March 31, 2018	
Closing balance				
Finished Goods	735		1,710	
Stock in trade	292		150	
Work in Progress	595		369	
Right to recover returned goods (Refer note 41)	107	1,729	-	2,229
Opening balance				
Finished Goods	1,710		1,355	
Stock in trade	150		190	
Work in Progress	369	2,229	761	2,306
TOTAL		**500**		**77**

22. EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	2,353	2,110
Contribution to provident & other funds	95	84
Gratuity (Refer Note 30)	38	90
Long term compensated absences	25	13
Employees Welfare Expenses	101	86
Expense on Employee Stock Option Scheme (Refer Note 31)	13	17
TOTAL*	**2,625**	**2,400**

* Net of amount of ₹ 169 (March 31, 2018 ₹ 94) which has been transferred to Capital work in progress during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
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23. OTHER EXPENSES

	Year ended March 31, 2019	Year ended March 31, 2018
Power, fuel & water	912	751
Consumption of stores & spares	251	212
Repairs & maintenance		
- Buildings	60	53
- Plant and machinery	216	154
- Others	129	103
Environment & pollution control expenses	454	350
Laboratory & testing charges	253	224
Freight & cartage	406	321
Advertisement & sales promotion	370	367
Travelling and conveyance #	427	378
Rental charges {Refer note 32(c)}	156	150
Rates and taxes	44	37
Insurance	42	44
Donation	59	34
Loss on Sale/Retirement of property, plant and equipment (Net)	13	5
Payment to auditors {Refer note 23 (a) below}	5	5
Telephone and communication charges	44	44
Provision for bad and doubtful debts & advances	179	69
Director sitting fees and commission	19	15
Legal & professional fees	194	172
Bank charges	21	20
Corporate social responsibility expenditure {Refer note 24 below}	93	86
Miscellaneous expenses	204	166
TOTAL	**4,551**	**3,760**

a. Auditors' Remuneration

	Year ended March 31, 2019	Year ended March 31, 2018
-Audit fees	3	3
- Limited review fees	1	1
-Certificates & other matters	1	0
-Reimbursement of expenses	0	1
TOTAL	**5**	**5**

* Net of amount of ₹ 55 (March 31, 2018 ₹ 2) which has been transferred to Capital work in progress during the year.

Includes lease rental for vehicles on operating lease amounting to ₹ 104 (March 31, 2018 ₹ 93). Refer note 32 (c).

24. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to PI Foundation Trust for CSR activities	93	86
Amount required to be spent by the Company during the year as per Section 135 of the Act	93	86
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	**93**	**86**

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

25. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of Property, Plant and Equipment (Refer Note 4)	906	806
Amortization of Intangible Assets (Refer Note 5)	20	20
TOTAL	**926**	**826**

26. FINANCE COST

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on financial liabilities measured at amortised cost	56	56
Other borrowing costs	3	3
TOTAL	**59**	**59**

27. INCOME TAX EXPENSE

a. Income tax expense recognized in Profit and Loss

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax expense		
Current tax on profits for the year	1,185	1,003
Adjustment of current tax for prior year periods	(16)	(8)
Total Current tax expense	**1,169**	**995**
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	59	89
Decrease / (Increase) in Deferred tax assets	41	(114)
Net Deferred tax expense	**100**	**(25)**
Total Income tax expense	**1,269**	**970**

b. Income tax related to items recognised in Other comprehensive income during the year

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement of defined benefit plans	(1)	6
Effective portion on cash flow hedges	42	(45)
Income tax charged to Other comprehensive income	**41**	**(39)**

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

	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	5,346	4,636
Tax at India's statutory income tax rate @ 34.944% (March 31, 2018: 34.608%)	1,868	1,604
Adjustment in respect of current income tax of previous years	(16)	(8)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	-	1
Effect of concessions (expenditure on research and development)	(121)	(121)
Effect of income that is exempt from taxation (operations in tax free zone)	(486)	(512)
Effect of change in tax rate	8	-
Effect of amounts which are not deductible in calculating taxable income	16	6
Income Tax Expense	**1,269**	**970**

The Company recognised current tax amounts directly in retained earnings as a result of the changes in accounting policies. Refer note 41.

28. RESEARCH & DEVELOPMENT EXPENSES

Details of Expenditure on Research & Development Facilities/ division of the Company recognised by Department of Scientific & Industrial Research

a. Revenue Expenditure

	Year ended March 31, 2019	Year ended March 31, 2018
Other Income	0	2
TOTAL	**0**	**2**
Employee Benefit Expenses		
Salaries, Wages & Bonus	290	231
Contributions to Provident & other funds	20	16
Employee Welfare Expenses	7	7
	317	**254**
Raw & Packing Materials Consumed	**109**	**98**
Other Expenses		
Laboratory & testing Material	58	56
Power, Fuel & Water	40	42
Consumption of stores & spares	65	47
Testing &analysis	13	5
Travelling & conveyance	17	13
Rates and taxes	0	0
Printing & Stationery	0	0
Bank Charges	0	0
Legal & professional fees	33	17
Miscellaneous Expenses	36	34
	262	**214**
Depreciation		
Depreciation	100	90
TOTAL	**788**	**656**
Total Expenditure	**788**	**654**

b. Capital Expenditure

Description	Year ended March 31, 2019	Year ended March 31, 2018
Buildings	0	26
Equipments & Others	50	141
TOTAL	**50**	**167**

29. EARNING PER SHARE (EPS)

Description	Year ended March 31, 2019	Year ended March 31, 2018
a. Net Profit for Basic and Diluted EPS	**4,077**	**3,666**
b. Number of Equity Shares at the beginning of the year	137,907,318	137,586,624
Add: Issue of Shares under ESOP	123,333	320,694
Total Number of Shares outstanding at the end of the Period	**138,030,651**	**137,907,318**
Weighted Average number of Equity Shares outstanding during the period - Basic	**137,947,190**	**137,705,237**
Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	91,382	374,621
Weighted Average number of Equity Shares outstanding during the year - Diluted	**138,038,572**	**138,079,858**
Earning Per Share - Basic (₹)	29.56	26.62
Earning per share - Diluted (₹)	29.54	26.55
Face value per share (₹)	1.00	1.00

Notes to the Financial Statements

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30. EMPLOYEE BENEFITS

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

Provident fund

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

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 ₹ 95 (Previous Year ₹ 84) towards the defined contribution plan.

b. Defined benefits plans - as per actuarial valuation

I. Change in present value of obligation during the year

Description	Year ended March 31, 2019	Year ended March 31, 2018
Present value of obligation at the beginning of the year	223	161
Total amount included in profit and loss *:		
- Current Service Cost	32	24
- Interest Cost	17	12
- Past Service Cost	-	57
Total amount included in OCI:		
Remeasurement related to gratuity:		
Actuarial losses/(gains) arising from:		
- Demographic Assumption	0	0
- Financial assumption	1	(4)
- Experience Judgement	2	(13)
Others		
Benefits Paid	(16)	(14)
Present Value of obligation as at year-end	**259**	**223**

* Includes expenses reclassified to capital work in progress ₹ 4 (March 31, 2018 ₹ 2)

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

II. Change in Fair Value of Plan Assets during the year

	Year ended March 31, 2019	Year ended March 31, 2018
Plan assets at the beginning of the year	88	30
Included in profit and loss:		
Expected return on plan assets	7	2
Included in OCI:		
Actuarial Gain/(Loss) on plan assets	2	(0)
Others:		
Employer's contribution	-	70
Benefits paid	-	(14)
Claim received during the year from fund manager	(3)	-
Pending claim with fund manager	(13)	-
Plan assets at the end of the year	**81**	**87**

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

	Year ended March 31, 2019 Gratuity Fund	Year ended March 31, 2018 Gratuity Fund
1. Present Value of obligation as at year-end	259	223
2. Fair value of plan assets at year -end	81	88
3. Funded status {Surplus/(Deficit)}	(178)	(136)
Net Asset/(Liability)	**(178)**	**(136)**

IV. Bifurcation of PBO at the end of the year

	Year ended March 31, 2019 Gratuity Fund	Year ended March 31, 2018 Gratuity Fund
1. Current Liability	-	-
2. Non-Current Liability	178	136

V. Actuarial Assumptions

	Year ended March 31, 2019 Gratuity Fund	Year ended March 31, 2018 Gratuity Fund
1. Discount Rate	7.65%	7.71%
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 ₹ 53

VII. Sensitivity Analysis

Gratuity	Year ended March 31, 2019 Increase	Year ended March 31, 2018 Increase
Discount rate (0.50 % movement)	(11)	(10)
Future salary growth (0.50 % movement)	12	10

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

VIII. Maturity Profile of Defined Benefit Obligation

Gratuity	Year ended March 31, 2019	Year ended March 31, 2018
	Gratuity Fund	Gratuity Fund
Within the next 12 months	14	12
Between 2-5 years	41	42
Beyond 5 years	204	169

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 ₹119 (March 31, 2018 ₹ 103).

31 SHARE BASED PAYMENTS

Employee Stock Option Plan

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

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

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

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Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
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I. Option Movement during the year ended Mar 2019

Particulars	March 31, 2019		March 31, 2018	
	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	6,87,924	492.55	13,60,078	447.36
Options Granted during the year	-	NA	-	NA
Options Forfeited / Surrendered during the year	84,882	581.35	4,38,658	510.91
Total number of shares arising as a result of exercise of options	1,63,691	177.59	2,33,496	194.84
Money realised by exercise of options (₹ lacs)	29	NA	45	NA
Number of options Outstanding at the end of the year	4,39,351	592.87	6,87,924	492.55
Number of Options exercisable at the end of the year	2,31,200	499.46	2,66,748	255.81

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2019		March 31, 2018	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	-	NA	72,454	1.66
75 to 150	54,716	4.11	108,893	5.22
150 to 450	45,958	5.34	91,839	6.21
450 to 750	3,38,677	5.55	414,738	6.62

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

	March 31, 2019	March 31, 2018
Exercise price is less than market price (in ₹)*	NA	NA

* No options granted during the year ended March 31, 2019 and March 31, 2018.

IV. The weighted average market price of options exercised during the year ended March 31, 2019 is ₹ 84 (March 31, 2018 is ₹ 88)

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, 2019 Weighted Average *	March 31, 2018 Weighted Average
1. Risk Free Interest Rate	NA	NA
2. Expected Life(in years)	NA	NA
3. Expected Volatility	NA	NA
4. Dividend Yield	NA	NA
5. Exercise Price (in ₹)	NA	NA
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	NA

* No options granted during the year ended March 31, 2019 and March 31, 2018.

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
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VI.	Particulars	March 31, 2019	March 31, 2018
	Employee Option plan expense	13	17
	Total liability at the end of the period	73	102

32. CAPITAL & OTHER COMMITMENT

	March 31, 2019	March 31, 2018
a. Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 385 (March 31, 2018 : ₹ 326)}	1,461	162
b. Export Commitment	5,202	3,404
c. Leases		

Operating lease commitments - As lessee

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

	March 31, 2019	March 31, 2018
- Payable within one year	156	147
-Later than one year and not later than five years	172	185
-Later than five years	0	-
-Lease payments recognised in Statement of Profit and Loss (Refer note 23)	260	243

Finance lease commitments - As lessee

The Company has entered into finance leasees for land in Panoli and Jambusar (Gujarat). Future minimum lease payments under finance leases for all the land is absolute ₹ 2, 20, 010 per annum. For land in Panoli, the Company has a renewal option for further 2 periods with 100% increase in lease rentals and for land in Jambusar, the 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.

Amount "0" represents amount below rounding off norms

33. CONTINGENT LIABILITIES

	March 31, 2019	March 31, 2018
a. Claims against the company not acknowledged as debt;*		
- Sales Tax including Goods and Service Tax	48	49
- Excise Duty	21	26
- Income Tax	78	78
- ESI	1	1
- Other matters, including claims relating to customers, labor and third parties etc.	35	27
b. Guarantees excluding financial guarantees;		
- Performance Bank Guarantees	259	212
c. Other money for which the Company is contingently liable		
- Letter of Credit	1,427	984

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
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The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and accordingly, no provision has been made in these Financial Statements.

34. OPERATING SEGMENT

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

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

I Revenue:

A. Information about product revenues:

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

	March 31, 2019	March 31, 2018
Active Ingredients and Intermediates	19,205	14,687
Formulations	9,030	8,286
Others	174	114
	28,409	**23,087**

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:

Particulars	March 31, 2019	March 31, 2018
India	9,574	8,534
Asia (other than India)	3,893	8,683
North America	11,012	3,191
Europe	2,802	1,911
Rest of the World	1,128	768
	28,409	**23,087**

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

	March 31, 2019	March 31, 2018
India	14,118	11,243
Asia (other than India)	1	1
Europe	2	3
	14,121	**11,247**

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
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35. RELATED PARTY DISCLOSURES

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

a) Nature of Related Party relationship

i Subsidiaries, Associates and Controlled Trust:

(a) PILL Finance and Investment Ltd.	Subsidiary
(b) PI Life Science Research Ltd.	Subsidiary
(c) PI Japan Co.Ltd.	Foreign Subsidiary
(d) Solinnos Agro Sciences Pvt. Ltd.	Associate
(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. Mayank Singhal	Managing Director & CEO
Mr. Rajnish Sarna	Whole-Time Director
Mr. Narayan K. Seshadri	Non-executive Director (Chairman)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Rai Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (Until May 1, 2019)
Mr. Arvind Singhal	Non-executive Director
Dr. Tanjore Soundararajan Balganesh	Non-executive Director (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:

Nature of Transaction	Type of relation	2018-19		2017-18	
		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)	159	-	129	-
-Post employment benefits*		5	-	5	-
-Commission and other benefits to non-executive/ independent directors		19	-	13	-
Total		**183**	**(110)**	**147**	**(80)**
Other Transactions					
Purchase of services	a(i)(b)	39		34	(11)
	a(i)(c)	55	(10)	49	(9)
	a(ii)(b)	14	(4)	13	-
Sales of services	a(i)(d)	1	-	6	6
Rent and Power Cost received	a(i)(b)	6	-	6	-

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Nature of Transaction	Type of relation	2018-19		2017-18	
		Transactions during the period	Balance outstanding Dr (Cr)	Transactions during the period	Balance outstanding Dr (Cr)
Rent and Power Cost received	a(i)(d)	0	-	0	-
Rent and Power Cost received	a(i)(e)	0	-	-	-
Rent and Power Cost paid	a(i)(a)	0	-	0	-
Rent and Power Cost paid	a(ii)(b)	2	-	2	-
Security Deposits	a(i)(a)	-	0	-	0
Loans Given	a(i)(f)	72	107	90	91
Loans Received	a(i)(f)	40	-	30	-
Travel & Other expenditure incurred	a(ii)(a)	25	6	32	1
	a(ii)(b)	3	-	3	0
Dividend Paid	a(ii)(a)	164	-	49	-
	a(ii)(b)	194	-	58	-
	a(i)(f)	1	-	1	-
Salary	a(ii)(b)	-	-	0	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	0	-	-	-
Contribution towards CSR Activities	a(iii)	93	-	86	-
Donation	a(iii)	4	-	4	-

* 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, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

	March 31, 2019		March 31, 2018	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	48	0	47	-
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	53	1	36	0
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

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37 FINANCIAL INSTRUMENTS

1 Financial instruments – Fair values and risk management

A. Financial instruments by category

	Notes	March 31, 2019			March 31, 2018		
		FVTPL	FVTOCI	Amotised Cost	FVTPL	FVTOCI	Amotised Cost
Financial Assets							
Non-current Assets*							
Loans	7(c)	-	-	97	-	-	74
Derivative financial instruments	7(g)	-	90	-	-	10	-
Other financial asset	7(g)	-	-	28	-	-	32
Current Assets							
Investments	7(b)	1,119	-	-	1,595	-	-
Trade receivables	7(d)	-	-	6,618	-	-	5,268
Cash and cash equivalents	7(e)	-	-	587	-	-	1,152
Bank balance other than cash and cash equivalents	7(f)	-	-	244	-	-	52
Loans and advances	7(c)	-	-	109	-	-	78
Derivative financial instruments	7(g)	-	120	-	-	102	-
Other financial assets	7(g)	-	-	99	-	-	88
TOTAL		**1,119**	**210**	**7,782**	**1,595**	**112**	**6,744**
Financial Liabilities							
Non-current Liabilities							
Borrowings	14(a)	-	-	99	-	-	463
Other financial liabilities	14(c)	-	-	190	-	-	183
Current Liabilities							
Trade payables	14(b)	-	-	5,141	-	-	3,703
Other financial liabilities	14(c)	-	-	2,414	-	-	2,140
TOTAL		**-**	**-**	**7,844**	**-**	**-**	**6,489**

* 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

	Notes	March 31, 2019			March 31, 2018		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets							
Investment in mutual funds	7(b)	1,119	-	-	1,595	-	-
Derivative financial instruments	7(g)	-	210	-	-	112	-
TOTAL		**1,119**	**210**	**-**	**1,595**	**112**	**-**

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

	Notes	March 31, 2019			March 31, 2018		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	23	-	-	23
Loans and advances to related parties (PII ESOP Trust)	7(c)	-	-	107	-	-	78
TOTAL		**-**	**-**	**130**	**-**	**-**	**101**
Financial liabilities							
Security deposits from contractors	14(c)	-	-	4	-	-	4
TOTAL		**-**	**-**	**4**	**-**	**-**	**4**

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.

38 FINANCIAL RISK MANAGEMENT

Risk management framework

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has the overall responsibility for the management of these risks and is supported by Management Advisory Committee that advises on the appropriate financial risk governance framework. The Company has 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 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.

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

i. **Credit risk**

Credit risk is the risk of financial loss to the 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

	March 31, 2019	March 31, 2018
Opening balance	273	214
Changes in loss allowance	169	59
Closing balance	**442**	**273**

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 represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 was as follows:

	March 31, 2019	March 31, 2018
Trade receivables	6,618	5,268
Cash and cash equivalents	587	1,152
Bank balances other than above	244	52
Investments	1,119	1,595
Loans	206	152
Other financial assets	337	232
TOTAL	**9,111**	**8,451**

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:

	March 31, 2019	March 31, 2018
Expiring within one year		
- Fund based (Floating rate)	1,999	1,850
- Non fund based (Fixed rate)	1,164	854

(b) Maturities of financial liabilities

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

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

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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	834	90	279	372	93	-
Interest Accrued but not due on Borrowings	2	2	-	-	-	-
Trade Payables (Due to micro and small enterprises)	47	47	-	-	-	-
Trade Payables (Other Trade Payables)	3,656	3,315	341	-	-	-
Employee payables	485	252	233	-	-	-
Security Deposits from Dealers	181	-	-	-	-	181
Security Deposits from Contractors	5	1	2	1	-	1
Unclaimed Dividends	6	6	-	-	-	-
Creditors for Capital Purchases	239	239	0	-	-	-
Other Payable	1,034	201	833	-	-	-
TOTAL	**6,489**	**4,153**	**1,688**	**373**	**93**	**182**

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 (₹). The Company uses forward exchange contracts to hedge its currency risk and are used exclusively for hedging purposes and not for trading and speculative purposes. These forward exchange contracts, carried at fair value, may have varied maturities depending upon the primary host contract requirement and risk management strategy of the Company. The objective of the hedges is to minimize the volatility of the ₹ cash flows of highly probable forecast transactions.

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

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

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

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets 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, 2019 and March 31, 2018 expressed in Indian Rupees (₹) are as below:

Non derivative

Particulars	March 31, 2019					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	60	-	-	-	-	-
Trade receivables	3,180	146	-	-	-	-
	3,240	**146**	**-**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	494	-	-	-	-	-
Trade payables	1,396	18	12	0	0	0
	1,890	**18**	**12**	**0**	**0**	**0**
Particulars	March 31, 2018					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	11	-	-	-	-	-
Trade receivables	2,928	112	25	-	-	-
	2,939	**112**	**25**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	838	-	-	-	-	-
Trade payables	745	-	9	0	-	-
	1,583	**-**	**9**	**0**	**-**	**-**

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

	Year-end spot rate (₹)	
	March 31, 2019	March 31, 2018
USD	69.16	65.18
EUR	77.67	80.81
JPY (100)	62.42	61.51
GBP	90.53	92.28
CHF	69.43	68.50
AUD	49.02	50.04

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.

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

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
March 31, 2019				
1% movement				
USD	9	(9)	-	-
EUR	1	(1)	-	-
JPY (100)	11	(11)	-	-
GBP	(0)	0		
TOTAL	**21**	**(21)**	**-**	**-**

Interest rate risk

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

Exposure to interest rate risk

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

	March 31, 2019	**March 31, 2018**
Fixed-rate instruments		
Financial assets	731	1,088
Variable-rate instruments		
Financial liabilities	492	834
TOTAL	**1,223**	**1,922**

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.

	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, 2019				
Variable-rate instruments	(1.61)	1.61	-	-
Cash flow sensitivity (net)	(1.61)	1.61	-	-
March 31, 2018				
Variable-rate instruments	(2.74)	2.74	-	-
Cash flow sensitivity (net)	(2.74)	2.74	-	-

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.

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

V. Impact of Hedging activities

(a). Disclosure of hedge accounting on financial position

March 31, 2019						
Type of hedge and risk	No. of outstanding contracts	Nominal Value (₹)	Carrying value of hedging instrument* (₹)	Maturity date	Hedge ratio	Weighted average strike price/ rate
Foreign exchange forward contracts	150	11,637	210	April 2019 –December 2021	1:1	US$1: ₹ 69.16

March 31, 2018						
Type of hedge and risk	No. of outstanding contracts	Nominal Value (₹)	Carrying value of hedging instrument* (₹)	Maturity date	Hedge ratio	Weighted average strike price/ rate
Foreign exchange forward contracts	121	9,887	111	April 2017 - March 2021	1:1	US$1: ₹ 67.94

* Refer Note No. 7(g)

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

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

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	242	-	373	Revenue

(c). Movement in the cash flow hedge reserve

Effective portion of Cash flow Hedges	Amount
As at April 01, 2017	135
Add: Effective portion of gains/(losses) on cash flow hedges	242
Less: Amount reclassified to profit and loss account	373
Less :Deferred tax relating to above	(45)
As at March 31, 2018	**49**
Add: Effective portion of gains/(losses) on cash flow hedges	(145)
Less: Amount reclassified to profit and loss account	(265)
Less: Deferred tax relating to above	42
As at March 31, 2019	**127**

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

(d). Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 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.

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
March 31, 2019				
1% movement				
USD	-	-	76	(76)
March 31, 2018				
1% movement				
USD	-	-	65	(65)

39. CAPITAL MANAGEMENT

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

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

		As at March 31, 2019	As at March 31, 2018
Borrowings (Non-current)		99	463
Borrowings (Current)		393	371
Total Debt	A	492	834
Total Equity	B	22,747	19,122
Debt to Equity ratio	A/B	0.02	0.04

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.

40 ASSETS PLEDGED AS SECURITY

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

	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment		
First charge	1,805	1,825
Second charge	6,378	7,736
Floating charge on Other Assets	16,875	9,788
TOTAL	**25,058**	**19,349**

41. CHANGES IN ACCOUNTING POLICIES

Impact on the financial statements

The company applied IND AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of 1 April, 2018. Under this method, the Company recognised the cumulative effect of initially applying IND AS 115 as an adjustment to the opening balance of retained earnings as at 1 April, 2018. Comparative prior period has not been adjusted.

Entities applying the modified retrospective method can elect to apply the revenue standard only to contracts that are not completed as at the date of initial application (that is, they would ignore the effects of applying the revenue standard to contracts that were completed prior to the date of initial application). The Company elected to apply the standard only to contracts that are not completed as at the date of initial application.

The impact on the company's retained earnings as at 1 April, 2018 is as follows:

	Notes		As on April 1, 2018
Retained Earnings			**14,908**
Increase in Profit before tax from adoption of IND AS 115	(i)	297	
Increase in Income tax liability	(i)	(81)	216
Retained Earnings			**15,124**

The following table presents the amounts by which each financial statement line item is affected in the current year ended March 31, 2019 by the application of IND AS 115 as compared with the previous revenue recognition requirements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Balance Sheet (extract)	**Notes**	**Increase/ (decrease)**
Current assets		
Inventories		(1,265)
Trade Receivables		1,444
Contract assets		520
Other current assets	(ii)	107
Current tax assets		(138)
Total Current assets		**668**
Current liabilities		
Other liabilities	(ii)	208
Current tax liabilities		6
Total current liabilities		**214**
Other equity		454
Total equity		**454**
Statement of profit and loss (extract) for the year ended 31 March 2019		
Revenue from operations		1,020
Total income		**1,020**
Expenses		
Changes in inventories of finished goods, work in progress and stock in trade		
Total expenses		**719**
Profit before tax		**301**
Current tax		(63)
Total tax expense		**(63)**
Profit for the year		**238**
Total comprehensive income for the year		**238**

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

(i) Increase in Profit before tax from adoption of IND AS 115

Application of IND AS 115 has resulted in change in recognition criteria of revenue from contracts wherein the Company's performance does not create an asset with alternative use to the Company and the entity has an enforceable right to payment for performance completed till date. This has resulted in recognition of revenue over the period of time rather than at a point in time. Refer accounting policies for details. Management has determined that it is highly probable that there will be no rescission of the contract and no significant reversal in the amount recognised in revenue will occur. Accordingly, management has recognised revenue on these contracts over the period of time and not at a point in time as was done during the earlier years.

(ii) Presentation of assets and liabilities related to contract with customers

With adoption of IND AS 115, the Company has changed the presentation of certain amounts to reflect the terminology of IND AS 115:

Liabilities in relation to refund/ return liabilities for the expected returns were previously being presented as net off from Trade Receivable are now included in other current liabilities as refund/ return liabilities. Further, the Company has right to recover these return product from the customer and accordingly, an adjustment was earlier made in Inventories of finished goods. However, these goods are not in control of the entity and accordingly, with adoption of IND AS 115, amount previously presented as adjustment to Inventories will now be presented separately under Other Current Assets. The asset is measured by reference to the former carrying amount of the product. The cost to recover the products are not material because the customer usually returns the product in a saleable condition.

42. EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on May 17, 2019 have recommended final dividend for the year ended March 31, 2019 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 13(B) for details.

43. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying IND AS 116, 'Leases'. The amendments are applicable to the Company from April 01, 2019. The Company is currently evaluating the impact of the new standard on the Balance sheet. However, the impact on Statement of Profit & Loss is not expected to be material.

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 17, 2019

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 Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of PI Industries Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entity (refer Note 3[t] to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2019, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and jointly controlled entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 16 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 17 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Estimation of provision for sales returns and discounts and rebates on sales impacting revenue on sale of products (Refer note 20 to the consolidated financial statements) Revenue from sale of products is presented net of returns, discounts and volume rebates in the financial statements. The management determines provision for sales returns, discounts and rebates on the basis of various factors such as the current and expected operating environment, sales returns variability and expected achievement of targets against various ongoing schemes floated. We determined the estimates associated with sales returns, discounts and volume rebates on sale of products as a key audit matter in view of it having significant impact on the recognised revenue and the involvement of management judgment in estimating the amounts at which these are expected to be settled.	In this regard, our audit procedures included: Understanding the policies and procedures applied to estimate the sales returns, discounts and volume rebates including evaluation and testing of the design and operating effectiveness of controls related to these estimates. Obtained management's calculations for the respective estimates and assessed the reasonableness of assumptions used by the management in determining the amount of provisions based on understanding of the market conditions. Assessed the reasonableness of estimates made by the management in the past by comparing the provisions recognised in the earlier financial years with their subsequent settlement, ratio analysis of discounts, volume rebates and sales returns as a percentage of sale of last few years. Verified, if any credit notes were issued and/or adjustments made after the balance sheet date and their impact if any on the reported amounts. Based on the above procedures performed, the estimates made by the management in respect of provision for sales returns and discounts and rebates on sales were considered to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Impact assessment of first-time adoption of Ind AS 115 - Revenue from contracts with customers (Refer note 43 in the financial statements) The Ind AS 115 'Revenue from Contracts with Customers' has become applicable to the Group with effect from April 1, 2018 and the Group has recognised cumulative effect of initial application in the Opening Retained Earnings on that date. The application of this accounting standard has resulted in material financial impact on account of change in the timing of recognition of revenue. In respect of sale of goods, the revenue is now required to be recognised "over the period of time" instead of being recognised "at a point in time". The management has considered various factors such as alternative usability of the products, contractual obligation under the agreement and the overall margin of the contracts while making such assessment. We have determined this to be a key audit matter in view of exercise of management judgement and estimates and the significance of the amounts involved.	We performed the following audit procedures: - Evaluated and tested the design and implementation of the processes and the operating effectiveness of internal controls of the Company surrounding the implementation and recording adjustments arising from the adoption of Ind AS 115; - Examined management's assessment of the financial impact of change in timing of recognition of revenue on adoption of Ind AS 115. - Verified the adjustments made in the opening balance of retained earnings as well as for the current year's revenue, for a sample of contracts. - Evaluated reasonableness of the assumptions and the margins used for computing percentage of completion. - Assessed the appropriateness of disclosures made in the financial statements. Basis the procedures performed, we have not noted any significant exceptions in the management assessment of impact of first time adoption of Ind AS 115.

Other Information

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

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

7. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 16 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

10. The respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associate and jointly controlled entity.

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

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

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

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

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

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

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

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

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

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

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

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

Other Matters

16. We did not audit the financial statements of 2 subsidiaries whose financial statements reflect total assets of ₹ 320 million and net assets of ₹ 210 million as at March 31, 2019, total revenue of ₹ Nil, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 20 million and net cash flows amounting to ₹ 16 million 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 and other comprehensive income) of ₹ 0.30 Million and ₹ 0.14 Million for the year ended March 31, 2019 as considered in the consolidated Ind AS financial statements, in respect of 1 associate company and 1 jointly controlled entity 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, jointly controlled entity and associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, jointly controlled entity and associate, is based solely on the reports of the other auditors.

17. We did not audit the financial statements of 1 subsidiary whose financial statements reflect total assets of ₹ 12 million and net assets of ₹ 14 million as at March 31, 2019, total revenue of ₹ Nil, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2 million and net cash flows amounting to ₹ 1 million 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 this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 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 jointly controlled entity incorporated in India, none of the directors of the Group companies, its associate company and jointly controlled entity incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the 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 internal financial controls with reference to financial statements of an associate and a jointly controlled entity incorporated in India and the operating effectiveness of such controls, reporting under clause (i) of sub section 3 of Section 143 of the Act is not applicable vide the reports dated April 24, 2019 of their respective statutory auditors.

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

i. The consolidated financial statements disclose the impact, if any, of pending litigations on

the consolidated financial position of the Group, its associate and jointly controlled entity – Refer Note 16 and 34 to the consolidated financial statements.

ii. The Group, its associate and jointly controlled entity had long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate company and jointly controlled entity incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: FRN012754/N500016
Chartered Accountants

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of PI Industries Limited on the consolidated financial statements as of and for the year ended March 31, 2019

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, 2019, 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 joint controlled entity incorporated in India namely Solinnos Agro Sciences Private Limited and PI Kumiai Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017.

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 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, 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, 2019, 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 Accountants LLP**
Firm Registration Number: FRN012754/N500016
Chartered Accountants

Sd/-
Ashk Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

Inspired by Science

Consolidated Balance Sheet

AS AT MARCH 31, 2019

(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	11,791	9,906
Capital work-in-progress		1,544	691
Other intangible assets	5	66	71
Intangible asset under development	6	284	208
Investments accounted for using the equity method	9	102	6
Financial assets			
(i) Investments	7(a)	70	5
(ii) Loans	7(c)	41	39
(iii) Other financial assets	7(g)	149	63
Deferred tax assets	17	141	267
Other non-current assets	10	451	390
Total non-current assets		**14,639**	**11,646**
Current assets			
Inventories	8	5,357	4,520
Financial assets			
(i) Investments	7(b)	1,119	1,595
(ii) Trade receivables	7(d)	6,618	5,268
(iii) Cash and cash equivalents	7(e)	614	1,173
(iv) Bank balances other than (iii) above	7(f)	278	134
(v) Loans	7(c)	63	37
(vi) Other financial assets	7(g)	254	233
Contract assets	7(h)	520	-
Current tax assets	11	-	4
Other current assets	10	2,086	1,654
Total current assets		**16,909**	**14,618**
Total assets		**31,548**	**26,264**
EQUITY & LIABILITIES			
Equity			
Equity share capital	12	138	138
Other equity	13	22,716	19,110
Total equity		**22,854**	**19,248**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	15(a)	99	463
(ii) Other financial liabilities	15(c)	190	183
Provisions	16	290	233
Total non current liabilities		**579**	**879**
Current Liabilities			
Financial liabilities			
(i) Trade payables	15(b)		
a) total outstanding dues of micro enterprises and small enterprises		48	47
b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,082	3,640
(ii) Other financial liabilities	15(c)	2,419	2,144
Provisions	16	126	107
Other current liabilities	18	435	199
Current tax liabilities	19	5	-
Total current liabilities		**8,115**	**6,137**
Total liabilities		**8,694**	**7,016**
Total equity and liabilities		**31,548**	**26,264**
Notes to accounts	1 to 45		

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

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

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

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, 2019
(All amount in ₹ million, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations	20	28,409	23,087
Other income	21	595	602
Total income		**29,004**	**23,689**
Expenses:			
Cost of materials consumed		13,728	10,837
Purchase of stock in trade		1,274	776
Changes in inventories of finished goods, work in progress and stock in trade	22	500	77
Excise duty on sale of goods		-	316
Employee benefit expense	23	2,647	2,431
Finance cost	27	50	53
Depreciation and amortisation expense	26	930	830
Other expense	24	4,496	3,715
Total expenses		**23,625**	**19,035**
Share of profit and (loss) of associates & joint venture accounted for using the equity method		0	1
Profit before tax		**5,379**	**4,655**
Income tax expense	28		
Current tax		(1,176)	(1,001)
Deferred tax		(101)	22
Total tax expense		**(1,277)**	**(979)**
Profit for the year		**4,102**	**3,676**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		(2)	17
Income tax relating to the above item		1	(6)
(ii) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on cash flow hedges		120	(131)
Exchange difference on translation of foreign operations		0	1
Income tax relating to the above item		(42)	45
Total comprehensive income for the year		**4,179**	**3,602**
Earnings per equity share	30		
1) Basic (in ₹)		29.74	26.72
2) Diluted (in ₹)		29.73	26.67
Face value per share (in ₹)		1.00	1.00
Notes to accounts	1 to 45		

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

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

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

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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Statement of Changes in Consolidated Equity

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

a. Equity share capital

Particulars	Note	As at March 31, 2019		As at March 31, 2018	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	12	137,907,318	138	137,586,624	138
Changes in equity share capital during the period		123,333	0	320,694	0
Balance at the end of the reporting period		**138,030,651**	**138**	**137,907,318**	**138**

b. Other equity

Particulars	Note	Reserves & Surplus							Other Reserves		Total other equity
		Capital reserve	Capital Redemption reserve	Securities premium reserve	Share option outstanding account	General reserve	Own shares held by Trust under ESOP scheme	Retained earnings	Effective portion of cash flow hedges	Foreign Currency Translation Reserve	
Balance at April 1, 2017		15	4	1,909	141	1,857	-	12,072	135	1	16,134
Profit for the year		-	-	-	-	-	-	3,676	-	-	3,676
Other comprehensive income		-	-	-	-	-	-	11	(86)	1	(74)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**3,687**	**(86)**	**1**	**3,602**
Transactions with owners in their capacity as owners:											
Premium on issue of equity shares through ESOP	13 c.	-	-	144	-	-	-	-	-	-	144
Own shares held by ESOP Trust	12 c.		-	(114)			(0)			-	(114)
Shares issued under ESOP scheme	13 d.	-		45	(56)	-	0	-	-		(11)
Expense on Employee Stock Option Scheme	13 d.	-	-	-	17	-	-	-	-	-	17
Dividends paid	14	-	-	-	-	-	-	(550)	-	-	(550)
Dividend Distribution Tax (DDT)	14	-	-	-	-	-	-	(112)	-	-	(112)
Balance at March 31, 2018		**15**	**4**	**1,984**	**102**	**1,857**	**(0)**	**15,097**	**49**	**2**	**19,110**
Profit for the year		-	-	-	-	-	-	4,102	-	-	4,102
Change in accounting policy-Adjustment of Ind AS 115	13 f.		-				-	216		-	216
Other comprehensive income	13 i, h	-	-	-	-	-	-	(1)	78	0	77
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**4,317**	**78**	**0**	**4,395**
Transactions with owners in their capacity as owners:											
Premium on issue of Equity Shares through ESOP	13 c.	-	-	116	-	-	-	-	-	-	116
Own shares held by ESOP Trust	12 c.	-	-	(74)	-	-	(0)	-	-	-	(74)
Shares issued under ESOP scheme	13 d.	-	-	29	(42)	-	0	-	-	-	(13)
Expense on Employee Stock Option Scheme	13 d.	-	-	-	13	-	-	-	-	-	13
Dividends paid	14	-	-	-	-	-	-	(689)	-	-	(689)
Dividend Distribution Tax (DDT)	14	-	-	-	-	-	-	(142)	-	-	(142)
Balance at March 31, 2019		**15**	**4**	**2,055**	**73**	**1,857**	**(0)**	**18,583**	**127**	**2**	**22,716**

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 17, 2019

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, 2019
(All amount in ₹ million, unless otherwise stated)

PARTICULARS		Year ended March 31, 2019	Year ended March 31, 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Income Tax	**5,379**	**4,655**
	Adjustments for :-		
	Depreciation and amortisation expense	930	830
	Finance costs	50	53
	Provision for Bad and Doubtful debts & Advances	179	69
	Interest Income on Financial Assets at amortised cost	(194)	(266)
	Unwinding of discount on Security Deposits	(10)	(2)
	Dividend Income	(0)	(0)
	Expense on Employee Stock Option Scheme	13	17
	(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	13	5
	(Gain)/Loss on sale of Investments (Net)	(198)	(8)
	(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	89	(71)
	Share of (profit)/loss of associate and joint venture	(0)	(1)
	Impact of Ind AS 115 adjustment taken to retained earnings	216	-
	Unrealised (Gain)/Loss on foreign currency transactions (Net)	127	(79)
	Operating Profit before Working Capital changes	**6,594**	**5,202**
	(Increase) / Decrease in Trade Receivables	(1,493)	(905)
	(Increase) / Decrease in Current financial assets - Loans	(17)	55
	(Increase) / Decrease in Current Contract Assets	(520)	-
	(Increase) / Decrease in Non-current financial assets - Loans	(2)	(11)
	(Increase) / Decrease in Other current financial assets	(44)	(73)
	(Increase) / Decrease in Other non-current financial assets	(82)	(12)
	(Increase) / Decrease in Other current assets	(433)	(728)
	(Increase) / Decrease in Other non-current assets	(3)	22
	(Increase) / Decrease in other bank balances	10	64
	(Increase)/Decrease in Inventories	(837)	(201)
	Increase / (Decrease) in Current Provisions and Trade Payables	1,498	819
	Increase / (Decrease) in Non-current Provisions	57	6
	Increase / (Decrease) in Other current financial liabilities	119	29
	Increase / (Decrease) in Other non-current financial liabilities	7	11
	Increase / (Decrease) in Other current liabilities	237	(121)
	Cash generated from Operations before tax	**5,091**	**4,157**
	Income Taxes paid (Includes TDS)	(1,183)	(963)
	Net cash inflow (outflow) from Operating Activities	**3,908**	**3,194**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(3,685)	(1,697)
	Proceeds from sale of property, plant & equipment	8	1
	Purchase of Equity Investment	(65)	-
	Investments in associates and joint venture	(95)	(0)
	Purchase and Sale of Current Investments	427	(375)
	Interest Received	194	266
	Dividend Received	0	0
	Net cash used in Investing Activities	**(3,216)**	**(1,805)**
	Net cash inflow (outflow) from Operating and Investing Activities	**692**	**1,389**

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Consolidated Statement of Cash Flow

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

PARTICULARS	Year ended March 31, 2019	Year ended March 31, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	0	0
Premium on issue of equity shares under ESOP scheme	29	19
Repayment of Borrowings - Term Loan	(399)	(365)
Interest paid (Net)	(50)	(53)
Dividends paid (including Tax)	(831)	(662)
Net Cash inflow (outflow) from Financing Activities	**(1,251)**	**(1,061)**
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	**(559)**	**328**
Effect of exchange differences on translation of foreign currency Cash & Cash equivalents	(0)	(0)
Net increase (decrease) in Cash & Cash equivalents	**(559)**	**328**
Opening balance of Cash & Cash equivalents	**1,173**	**845**
Closing balance of Cash & Cash equivalents	**614**	**1,173**
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 7(e)):-		
i) Cash on Hand	1	1
ii) Balance with Banks :		
-In Current Accounts	150	148
-In Fixed Deposits	463	1,024
Total	**614**	**1,173**

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

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

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

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 Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

1. Corporate Information

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

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

2. Basis of preparation

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

a) Statement of compliance

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

These consolidated financial statements were authorised for issue by the Board of Directors on May 17, 2019.

b) Basis of measurement

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

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

c) New and Amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

- IND AS 115, Revenue from Contracts with Customers
- Amendment to IND AS 12, Income Taxes
- Amendment to IND AS 28, Investments in Associates and Joint Ventures and IND AS 112, Disclosure of Interests in Other Entities

The Group had to change its accounting policies and make certain adjustments following the adoption of IND AS 115. This is disclosed in Note 43. The other amendments listed above did not have any impact on the amount recognized in prior periods and are not expected to significantly affect current or future periods.

d) Functional and presentation currency

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

e) Current or Non current classification

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

f) Use of judgements and estimates

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

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

- Measurement of defined benefit obligations;
- Recognition of deferred tax assets & minimum alternative tax credit entitlement;
- Useful life and residual value of Property, plant and equipment and intangible assets;

- Impairment test of financial and non-financial assets including recoverability of expenditure on internally-generated intangible assets;
- Measurement of fair value for share based payments;
- Recognition and measurement of provisions and contingencies.

g) The Group recognises revenue over the period of time for contracts wherein the Group's performance for the products does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed till date. Management has determined that it is highly probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. Accordingly, revenue is recognised for these contracts based on Input method wherein amount of revenue to be recognised is determined based on the actual cost incurred till date and the estimated margin on the contract.

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

3. Significant Accounting Policies

a) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

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

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

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

ii) Transition to Ind AS

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

iii) Depreciation

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

- Buildings including factory buildings and Roads	3 - 60 years
- General Plant and Equipment	15 years
- Electrical Installations and Equipments	10 years
- Furniture and Fixtures	10 years
- Office Equipments	5 years
- Vehicles	8 - 10 years
- 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:

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- 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 impairment losses are recognized immediately in profit or loss.

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

ii) Transition to Ind AS

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

iii) Amortisation

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

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

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

c) Impairment of non-financial assets

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

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

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

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

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

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

d) Financial instruments

i) Initial recognition

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

ii) Subsequent measurement

i) Financial assets carried at amortised cost

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

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

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

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

iii) Financial assets at fair value through profit or loss

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

iv) Financial liabilities

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

iii) Impairment of financial assets

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

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

iv) Derecognition

Financial Assets

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

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

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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. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognized immediately in the statement of profit and loss.

vii) Offsetting

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

e) Fair value measurement

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

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

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

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

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

f) Inventories

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

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

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

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

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

g) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

h) Revenue Recognition

i) Sale of goods

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

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

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

ii) Sale of services

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

iii) Export Incentives

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

iv) Interest Income

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

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is included in other income in the statement of profit and loss.

v) Dividends

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

i) Employee Benefits

i) Short term employee benefits

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

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

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

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

iii) Defined benefit plans

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

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

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

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

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

iv) Other long-term employee benefits

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

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

j) Foreign currency transactions

Initial recognition:

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

Conversion:

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

Exchange difference:

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

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

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

k) Borrowing costs

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

l) Income tax

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

i) Current tax

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

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

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

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

ii) Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

In respect of entities incorporated in India deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future

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economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Group will pay normal income tax in future. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

m) Segment Reporting

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

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

n) Cash and cash equivalents

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

o) Cash flow statement

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

p) 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-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

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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, 2019 (March 31, 2018)
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, 2019 (March 31, 2018)
PI Kumiai Private Limited	India	50% (50%)
Solinnos Agro Sciences Private Limited	India	49% (49%)

Transactions eliminated on consolidation

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

Foreign operation

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

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019

(All amount in ₹ million, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Leasehold improvement	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Vehicles	Total
Gross carrying amount									
As at beginning of April 01, 2017	201	7	1	2,625	7,608	94	78	1	**10,615**
Additions	-	-	0	296	989	39	21	1	**1,346**
Disposals	-	-	-	-	(8)	-	(0)	(0)	**(8)**
As at March 31, 2018	**201**	**7**	**1**	**2,921**	**8,589**	**133**	**99**	**2**	**11,953**
Additions *	152	45	0	643	1,895	28	22	31	**2,816**
Disposals	-	-	-	-	(34)	(1)	-	-	**(35)**
As at March 31, 2019	**353**	**52**	**1**	**3,564**	**10,450**	**160**	**121**	**33**	**14,734**
Accumulated depreciation									
As at beginning of April 01, 2017	4	-	(0)	138	1,062	12	23	1	**1,240**
Depreciation charge during the year	2	-	(0)	106	673	11	17	0	**809**
Disposals	-	-	-	-	(2)	-	(0)	(0)	**(2)**
As at March 31, 2018	**6**	**-**	**(0)**	**244**	**1,733**	**23**	**40**	**1**	**2,047**
Depreciation charge during the year	3	-	(0)	123	747	15	19	3	**910**
Disposals	-	-	-	-	(13)	(1)	0	-	**(14)**
As at March 31, 2019	**9**	**-**	**(0)**	**367**	**2,467**	**37**	**59**	**4**	**2,943**
Net carrying amount									
As at March 31, 2018	**195**	**7**	**1**	**2,677**	**6,856**	**110**	**59**	**1**	**9,906**
As at March 31, 2019	**344**	**52**	**1**	**3,197**	**7,983**	**123**	**62**	**29**	**11,791**

* Addition in Leasehold land in the current year represents land which is pending registration in the name of the Group as at March 31, 2019. The same has been subsequently registered on April 22, 2019.

a. Depreciation for the year includes depreciation amounting to ₹ 100 (March 31, 2018 ₹ 90) on assets used for Research & Development. During the year Group incurred ₹ 50 (March 31, 2018 ₹ 167) towards capital expenditure for Research & Development (Refer Note 29).

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

c. Refer note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

5. OTHER INTANGIBLE ASSETS

	Computer Software	Product Development	Total
Gross carrying amount			
As at beginning of April 01, 2017	88	10	98
Additions	17	-	17
As at March 31, 2018	**105**	**10**	**115**
Additions	15	-	15
As at March 31, 2019	**120**	**10**	**130**
Accumulated amortisation			
As at beginning of April 01, 2017	20	4	24
Amortisation charge during the year	18	2	20
As at March 31, 2018	**38**	**6**	**44**
Amortisation charge during the year	18	2	20
As at March 31, 2019	**56**	**8**	**64**
Net Carrying Amount			
As at March 31, 2018	**67**	**4**	**71**
As at March 31, 2019	**64**	**2**	**66**

6. INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible Assets under Development
As at beginning of April 01, 2017	190
Additions	49
Disposal	(31)
As at March 31, 2018	**208**
Additions	76
As at March 31, 2019	**284**

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

7. FINANCIAL ASSETS

7(a) NON CURRENT INVESTMENTS

Investment in equity instruments (fully paid up)	As at March 31, 2019			As at March 31, 2018		
1) Quoted at FVTPL	Face value (in ₹)	No. of Shares	Amount	Face value	No. of Shares	Amount
a) United Credit Limited	10	700	0	10	700	0
b) Summit Securities	10	12	0	10	12	0
c) Akzo Nobel India Limited	10	50	0	10	50	0
d) BASF India Limited	10	976	1	10	976	2
e) Sudershan Chemical Industries Limited	1	900	0	1	900	0
f) Rallis India Limited	1	2,070	1	1	2,070	0
g) Bayers Crop Science Limited	10	66	0	10	66	0
h) Punjab Chemicals & Crop Protection Limited	10	248	0	10	248	0
i) Pfizer Limited (Erstwhile Wyeth Limited)	10	29	0	10	29	0
j) Sanofi India Limited	10	100	1	10	100	1
k) L.M.L.Limited	10	150	0	10	150	0
l) United Sprit Limited	10	940	1	10	188	1
m) RPG Life Sciences Limited	10	360	0	10	360	0
n) Voltas Limited	1	100	0	1	100	0
o) ICICI Bank Limited	2	2,530	1	2	2,530	1
			5			5

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019

(All amount in ₹ million, unless otherwise stated)

	As at March 31, 2019			As at March 31, 2018		
2) Unquoted	**Face value (in ₹)**	**No. of Shares**	**Amount**	**Face value**	**No. of Shares**	**Amount**
a) Sygenta India Limited	10	160	0	10	160	0
b) Ciba CKD Biochem Limited	10	100	0	10	100	0
c) Collabo Tech Inc.	291,545	343	65	-	-	-
Less: Provision for diminution in value of investment			(0)			(0)
			65			0
TOTAL			**70**			**5**
Aggregate amount of quoted investments and market value thereof			5			5
Aggregate amount of un-quoted investments			65			0
Aggregate amount of impairment in the value of investments			(0)			(0)

7(b) CURRENT INVESTMENTS

		As at March 31, 2019		As at March 31, 2018	
Investment in mutual funds at FVTPL					
Quoted					
a) Reliance Liquid Fund-Treasury Plan-Growth Plan-Growth Option		-		325	
Nil (March 31, 2018 : 77,036.308) Units					
b) SBI Premier Liquid Fund-Regular Plan-Growth		-		312	
Nil (March 31, 2018 : 1,14,726.879) Units					
c) ICICI Prudential Liquid Plan-Growth		-		326	
Nil (March 31, 2018 : 12,70,018.482) Units					
d) HDFC Liquid Fund-Regular Plan-Growth		-		321	
Nil (March 31, 2018 : 94,323.052) Units					
e) Aditya Birla Sun Life Cash Plus-Growth-Direct Plan		-		311	
Nil (March 31, 2018 : 1,113,090.088) Units					
f) Reliance Liquid Fund - Direct Plan Growth Plan - Growth Option				-	
48,256 (March 31, 2018 : Nil) Units		220			
g) Aditya Birla Sun Life Liquid Fund-Growth-Direct Plan				-	
6,53,069 (March 31, 2018 : Nil) Units		196			
h) HDFC Liquid Fund-Regular Plan-Growth				-	
70,151 (March 31, 2018 : Nil) Units		257			
i) SBI Liquid Fund Direct Growth				-	
1,52,342 (March 31, 2018 : Nil) Units		446	**1,119**		**1,595**
Quoted	**TOTAL**		**1,119**		**1,595**
Aggregate amount of quoted investments and market value thereof			**1,119**		**1,595**
Aggregate amount of impairment in the value of investments			-		-

7(c) LOANS

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018
Unsecured, considered good unless stated otherwise				
Security deposits	41	39	7	3
Loans and advances to related parties (Refer Note 36)	-	-	3	0
Other loans and advances				
Employee advances				
Considered good	-	-	5	4
Doubtful	-	-	2	1
Less: Allowance for doubtful employee advances	-	-	(2)	(1)
Other miscellaneous advances	-	-	48	30
TOTAL	**41**	**39**	**63**	**37**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

7(d) TRADE RECEIVABLES

	As at March 31, 2019	As at March 31, 2018
Trade receivables	**6,939**	**5,455**
Receivables from related parties (Refer note 36)	-	6
Less: Allowance for doubtful debts	(321)	(193)
TOTAL	**6,618**	**5,268**
Current portion	6,618	5,268
Non-current portion	-	-
Break up of security details		
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured	6,939	5,461
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
	6,939	**5,461**
Less: Allowance for doubtful debts	(321)	(193)
TOTAL	**6,618**	**5,268**

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

7(e) CASH AND CASH EQUIVALENTS

		As at March 31, 2019	As at March 31, 2018
i.	Cash & Cash Equivalents		
	Balance with banks		
	In Current Accounts	90	137
	In EEFC account	60	11
	Cash on hand	1	1
	Deposits with maturity of less than 3 months*	463	1,024
	TOTAL	**614**	**1,173**

* Includes deposits amounting to ₹ Nil (March 31, 2018 : ₹ 207) held as margin money.

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

	As at March 31, 2019	As at March 31, 2018
In deposit accounts held as margin money	31	46
Fixed deposits with bank	240	82
In unclaimed dividend accounts *	7	6
TOTAL	**278**	**134**

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

7(g) OTHERS FINANCIAL ASSETS

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Considered good unless stated otherwise				
Interest and other charges recoverable from customers				
-Considered good	-	-	94	88
-Doubtful	-	-	121	80
Less: Allowance for doubtful debts	-	-	(121)	(80)
Deposits lodged with Excise & Sales Tax department	28	27	-	-
Deposit accounts held as margin money	31	26	40	43
Derivative financial instruments - foreign exchange forward contracts	90	10	120	102
TOTAL	**149**	**63**	**254**	**233**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

7(h) CONTRACT ASSETS

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

- Assets recognized from costs to fulfil a contract

There is no asset recognized from costs to obtain or fulfil a contract with a customer.

Revenue recognised that was included in the contract liability balance at the beginning of the period was ₹ 116

8 INVENTORIES

	As at March 31, 2019	As at March 31, 2018
Raw materials {includes stock-in-transit ₹ 1048 (March 31, 2018 : ₹ 553)}	3,504	2,080
Work in progress	595	369
Finished goods *{includes stock-in-transit ₹ 183 (March 31, 2018 : ₹ 629)}	735	1,710
Stock in trade *{includes stock-in-transit ₹ Nil (March 31, 2018 : ₹ 22)}	292	150
Stores & spares {includes stock-in-transit ₹ 6 (March 31, 2018 : ₹ 6)}	231	211
TOTAL	**5,357**	**4,520**

* The cost of inventories recognised as an expense on account of provision of obsolete/ slow and non moving inventories amounting to ₹ 68 (March 31, 2018: ₹ 49)

9 INVESTMENTS IN ASSOCIATE AND JOINT VENTURE

	As at March 31, 2019	As at March 31, 2018
Investment in Unquoted Equity Instruments		
Solinnos Agro Sciences Private Limited (Associate)*	6	6
PI Kumiai Private Limited (Joint Venture)**	96	0
	102	**6**

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

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

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

	As at March 31, 2019	As at March 31, 2018
Aggregate carrying amount of individually immaterial associate and joint venture	102	6
Aggregate amounts of the group's share of:		
Profit/(loss) from continuing operations	0	1
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	**0**	**1**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

10 OTHER ASSETS

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Considered good unless stated otherwise				
Capital advances				
Considered good	383	325	-	-
Doubtful	1	1	-	-
Less: Allowance for doubtful advances	(1)	(1)	-	-
Advances to vendors				
Considered good	-	-	627	426
Doubtful	-	-	11	10
Less: Allowance for doubtful advances	-	-	(11)	(10)
Balance with Central Excise Authorities, Customs etc.	-	-	93	181
Prepayments	9	10	40	90
Other statutory advances	0	0	660	530
Export incentive receivables	-	-	559	427
Right to recover returned goods (Refer note 43)	-	-	107	-
Other miscellaneous advances*	59	55	-	-
TOTAL	**451**	**390**	**2,086**	**1,654**

* Other miscellaneous advances includes amount of ₹ 55 (March 31, 2018 ₹ 50) deposited with Sales Tax Authorities under protest.

11 CURRENT TAX ASSETS

	As at March 31, 2019	As at March 31, 2018
Advance income tax (Net of provision for income tax ₹ 7,231 {March 31, 2018 ₹ 5,969})	-	4
TOTAL	**-**	**4**

12 EQUITY SHARE CAPITAL

	As at March 31, 2019	As at March 31, 2018
Authorised Shares		
22,30,00,000 (March 31, 2018 : 22,30,00,000) Equity Shares of ₹1 each (March 31, 2018 : ₹ 1 each)	223	223
50,00,000 (March 31, 2018 : 50,00,000) Preference Shares of ₹100 each (March 31, 2018 : ₹ 100 each)	500	500
	723	**723**
Issued Shares		
13,82,07,226 (March 31, 2018 : 13,80,83,893) Equity Shares of ₹1 each (March 31, 2018 : ₹ 1 each)	138	138
	138	**138**
Subscribed & Fully Paid up Shares		
13,80,30,651 (March 31, 2018 : 13,79,07,318) Equity Shares of ₹1 each (March 31, 2018 : ₹ 1 each)	138	138
Total subscribed and fully paid up share capital	**138**	**138**

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

b. Terms/ rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹1 per share (March 31, 2018 ₹ 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.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019
(All amount in ₹ million, unless otherwise stated)

c. Own shares held by ESOP Trust

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

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Opening balance	271,558	0	-	-
Adjustment on consolidation of ESOP Trust during the year	123,333	0	505,054	0
Exercised during the year	163,691	0	233,496	0
Closing balance	**231,200**	**0**	**271,558**	**0**

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

During the year ended March 31, 2019, the Company has issued 1,23,333 equity shares of ₹ 1 each (March 31, 2018: 3,20,694 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 1,63,691 equity shares of face value of ₹ 1 each (March 31, 2018: 2,33,496 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, 2019: 2,31,200 equity shares of face value of ₹ 1 per share (March 31, 2018: 2,66,748 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock Option. (Refer Note 32)

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

Issued share capital

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2018-19	2017-18	2018-19	2017-18
Share outstanding at beginning of period	138,083,893	137,763,199	138	138
Shares issued under employee stock option scheme	123,333	320,694	0	0
Share outstanding at end of period	**138,207,226**	**138,083,893**	**138**	**138**

Subscribed & paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Value of Equity Shares	
	2018-19	2017-18	2018-19	2017-18
Share outstanding at beginning of period	137,907,318	137,586,624	138	138
Shares issued under employee stock option plan	123,333	320,694	0	0
Share outstanding at end of period	**138,030,651**	**137,907,318**	**138**	**138**

f. Shares reserved for issue under option

Shares reserved for issue under employee stock option scheme is set out in Note 32

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

Equity Shares

Name of Shareholders	2018-19		2017-18	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal	8,554,857	6.20	8,554,857	6.20
Ms. Madhu Singhal	21,560,500	15.62	21,560,500	15.63
Mr. Mayank Singhal	32,028,510	23.20	32,028,510	23.22
Ms. Pooja Singhal	8,665,550	6.28	8,665,550	6.28
ICICI Prudential Value Discovery Fund	6,073,466	4.40	7,345,756	5.33

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2019

(All amount in ₹ million, unless otherwise stated)

13 OTHER EQUITY

	Reserves & surplus	As at March 31, 2019		As at March 31, 2018	
a.	**Capital reserve**				
	Balance at the beginning of the financial year	15		15	
	Addition during the financial year	-	15	-	15
	Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference share.				
b.	**Capital redemption reserve**				
	Balance at the beginning of the financial year	4		4	
	Addition during the Financial year	-	4	-	4
	Deduction during the financial year				
c.	**Securities premium reserve**				
	Balance at the beginning of the financial year	1,984		1,909	
	Add: Premium on issue of equity shares through ESOP	116		144	
	Add: Exercise of share options	29		45	
	Less: Own shares held by ESOP Trust	(74)	2,055	(114)	1,984
	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	102		141	
	Less: Expense on employee stock option scheme	13		17	
	Less: Shares issued under employee stock option scheme	(42)	73	(56)	102
	The share options outstanding account is used to recognise the liability arising out of options issued to employees under Employee stock option scheme until the shares are issued (Refer Note 32).				
e.	**General reserve**				
	Balance at the beginning of the financial year	1,857		1,857	
	Add: Transferred during the financial year	-	1,857	-	1,857
f.	**Surplus in statement of profit & loss**				
	Balance at the beginning of the financial year	15,097		12,072	
	Addition during the financial year	4,102		3,676	
	Add: Change in accounting policy- Adjustment of Ind AS 115 (Refer note 43)	216			
	Add: Remeasurement gain / (loss) on defined benefit plans through OCI	(1)		11	
	Less: Interim dividend	(345)		(206)	
	Less: Final dividend	(344)		(344)	
	Less: Dividend distribution tax on equity shares	(142)	18,583	(112)	15,097
g.	**Own shares held by ESOP Trust**				
	Balance at the beginning and end of the financial year	(0)		-	
	Add: Adjustment on consolidation of ESOP Trust during the year	(0)		(0)	
	Less: Exercise of share options	0	(0)	0	(0)
	Items of other comprehensive income				
h.	**Cash flow hedge reserve**				
	Balance at the beginning of the financial year	49		135	
	Add: Other comprehensive income for the financial year	78	127	(86)	49
	The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
i.	**Foreign currency translation reserve**				
	Balance at the beginning and end of the financial year	2		1	
	Other comprehensive income for the year	0	2	1	2
	Total		**22,716**		**19,110**

Notes to Consolidated Financial Statements

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14. DISTRIBUTION MADE AND PROPOSED

A	Dividends declared and paid:	As at March 31, 2019	As at March 31, 2018
	Final dividend	344	344
	Interim dividend	345	206
	Total dividends	**689**	**550**

The Company has paid tax on dividend amounting to ₹ 142 (March 31, 2018 ₹ 112)

B	Dividends not recognised at the end of the reporting period	As at March 31, 2019	As at March 31, 2018
	In addition to the above dividends, subsequent to the year end the Board of Directors have recommended a final dividend of ₹1.50 per fully paid equity share (March 31, 2018 ₹ 2.50).	207	345
	Tax on dividend	42	70

This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

15. FINANCIAL LIABILITIES

15(a) BORROWINGS (NON-CURRENT)

	Non- Current maturities		Current maturities	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Secured				
Term Loans - From Banks and Financial Institutions				
Foreign Currency Loans from Banks	99	463	395	373
Less: Interest accrued but not due on borrowings (included in Note 15(c))	-	-	2	2
TOTAL	**99**	**463**	**393**	**371**

a. Foreign currency loans includes:

External commercial borrowings (ECB) from HSBC bank amounting to USD 7 Mn carrying interest rate of 3 months LIBOR plus 1.42% is outstanding as on March 31, 2019 and is repayable in balance 5 quarterly instalments of USD 1 Mn 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 ₹ 1,805. 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, 2019	As at March 31, 2018
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	(393)	(371)
Non-current portion of long term financial borrowings	(99)	(463)
Interest accrued but not due on borrowings	(2)	(2)
TOTAL	**(494)**	**(836)**

	Amount
Balance as at March 31, 2018	**(836)**
Foreign exchange adjustments	(56)
Interest expense	(29)
Interest paid	30
Amortisation of Prepaid Processing Charges on Term Loan	(2)
Re-payments	399
Balance as at March 31, 2019	**(494)**

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15(b) TRADE PAYABLES

	As at March 31, 2019	As at March 31, 2018
Trade payables		
- Due to micro and small enterprises (Refer Note 37)	48	47
- Other trade payables	5,082	3,640
TOTAL	**5,130**	**3,687**

15(c) OTHER FINANCIAL LIABILITIES

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Employee payables*	-	-	523	486
Security deposits from dealers	189	181	-	-
Security deposits from contractors	1	2	3	3
Current maturities of long-term borrowings (Refer Note 15 (a))	-	-	393	371
Interest accrued but not due on borrowings	-	-	2	2
Unclaimed dividends	-	-	7	6
Creditors for capital purchases	-	-	371	239
Other payable **	-	-	1,120	1,037
TOTAL	**190**	**183**	**2,419**	**2,144**

* This includes due to directors amounting to ₹ 93 (March 31, 2018 ₹ 68)

** This includes due to non-executive/ independent directors amounting to ₹ 17 (March 31, 2018 : ₹ 12)

16 PROVISIONS

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits*				
Long term compensated absences	111	97	8	6
Gratuity	179	136	-	-
	290	**233**	**8**	**6**
Provisions for legal claims	-	-	118	101
	-	**-**	**118**	**101**
TOTAL	**290**	**233**	**126**	**107**

(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, 2019 total differential custom duty demand is ₹ 114 (March 31, 2018 ₹ 97). Case is pending before Assistant Commissioner of Customs, Mumbai.

(b) Government of Rajasthan issued a notification resulting into an excise liability of ₹ 4 (March 31, 2018: ₹ 4). The Company has filed writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Honorable Rajasthan High Court.

(ii) Movement in other provisions

	Legal claims
As at 1 April 2017	82
Provisions made during the year	19
As at 31 March 2018	101
Provisions made during the year	17
As at March 31, 2019	118

* Refer note 31 for movement in "Provision for Employee Benefits"

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17 DEFERRED TAX (ASSETS) / LIABILITIES

The balance comprises temporary differences attributable to:		As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities			
Property, plant and equipment		1,093	1,033
Intangible assets		14	16
Other comprehensive income items			
- Remeasurements on defined benefit plans		(17)	(16)
- Effective portion on cash flow hedges		58	16
- Exchange difference on translation of foreign operations		1	1
	A	**1,149**	**1,050**
Deferred tax assets			
Provision for employee benefits		(42)	(89)
Other provisions		(17)	-
Other financial liabilities		(8)	(5)
Trade receivables		(155)	(67)
Other financial assets		-	(28)
Others		(5)	(15)
Minimum alternate tax (MAT) credit entitlement		(1,063)	(1,113)
	B	**(1,290)**	**(1,317)**
Net deferred tax (assets)/ liabilities	TOTAL	**(141)**	**(267)**

Movement in deferred tax:	As at March 31, 2018	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2019
Deferred tax liabilities					
Property, plant and equipment	1,033	60	-	-	1,093
Intangible assets	16	(2)	-	-	14
Other comprehensive income items					
- Remeasurements on defined benefit plans	(16)	-	(1)	-	(17)
- Effective portion on cash flow hedges	16	-	42	-	58
- Exchange difference on translation of foreign operations	1	-	-	-	1
Sub- Total (a)	**1,050**	**58**	**41**	**-**	**1,149**
Deferred tax assets					
Provision for employee benefits	89	(47)	-	-	42
Other provisions	-	17	-		17
Other financial liabilities	5	3	-	-	8
Trade receivables	67	88	-	-	155
Other financial assets	28	(28)	-	-	-
Others	15	(10)	-	-	5
Minimum alternate tax (MAT) credit entitlement	1,113	(66)	-	16	1,063
Sub- Total (b)	**1,317**	**(43)**	**-**	**16**	**1,290**
Net deferred tax liability (a)-(b)	**(267)**	**101**	**41**	**(16)**	**(141)**

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

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Movement in deferred tax:	As at March 31, 2017	Recognized in P&L	Recognized in OCI	Other Adjustments*	As at March 31, 2018
Deferred tax liabilities					
Property, plant and equipment	947	86	-	-	1,033
Intangible assets	14	2	-	-	16
Other comprehensive income items				-	
- Remeasurements on defined benefit plans	(22)	-	6	-	(16)
- Effective portion on cash flow hedges	61	-	(45)	-	16
- Exchange difference on translation of foreign operations	1	-	0	-	1
Sub- Total (a)	**1,001**	**88**	**(39)**	**-**	**1,050**
Deferred tax assets					
Provision for employee benefits	58	31	-	-	89
Other provisions	-	-	-	-	-
Other financial liabilities	13	(8)	-	-	5
Trade receivables	51	16	-	-	67
Other financial assets	23	5	-	-	28
Others	1	14	-	-	15
Minimum alternate tax (MAT) credit entitlement	1,053	52	-	8	1,113
Sub- Total (b)	**1,199**	**110**	**-**	**8**	**1,317**
Net deferred tax liability (a)-(b)	**(198)**	**(22)**	**(39)**	**(8)**	**(267)**

* Actualisation of MAT credit entitlement for the FY 2016-17 on the basis of tax return filed.

18 OTHER LIABILITIES

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018
Advance from customers	-	-	125	116
Refund/ Return liabilities	-	-	208	-
Statutory dues payable	-	-	102	83
TOTAL	**-**	**-**	**435**	**199**

The Group has a customary practice of accepting return and accordingly, the Group has recognised a refund liability for the amount of consideration received for which the Group does not expect to be entitled amounting to ₹ 208. The Group has also recognised a right to recover the returned goods ₹ 107; see note 43. The costs to recover the products are not material because the customers usually return the product in a saleable condition.

19 CURRENT TAX LIABILITIES

	As at March 31, 2019	As at March 31, 2018
Provision for Income Tax (Net of Advance Income Tax ₹ 7,226 {March 31, 2018 ₹ 5,972})	5	-
TOTAL	**5**	**-**

20 REVENUE FROM OPERATIONS

		Year ended March 31, 2019	Year ended March 31, 2018
	Revenue from operations includes		
a)	Sale of products (including excise duty)	27,918	22,747
b)	Sale of services;	2	15
c)	Other operating revenues:		
	Scrap sales	18	14
	Export incentives	471	311
	Revenue From Operations (Net)	**28,409**	**23,087**

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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, 2019 are not comparable with those of the previous year.

See note 43 for details about restatements for change in accounting policies consequent to adoption of IND AS 115.

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

Critical judgements in recognising revenue :

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

21. OTHER INCOME

	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income from financial assets at amortised cost	194	266
Unwinding of discount on security deposits	10	2
Net gain on investments		80
-Realised Gain	198	-
-Unrealised Gain/ (Loss)	(89)	-
Net foreign exchange differences *	240	235
Dividend Income	0	0
Miscellaneous Income	42	19
TOTAL	**595**	**602**

* Net of amount of loss ₹ 55 (March 31, 2018 ₹ 2) which has been transferred to Capital work in progress during the year.

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

	Year ended March 31, 2019		Year ended March 31, 2018	
Closing balance				
Finished Goods	735		1,710	
Stock in trade	292		150	
Work in Progress	595		369	
Right to recover returned goods (Refer note 43)	107	1,729	-	2,229
Opening balance				
Finished Goods	1,710		1,355	
Stock in trade	150		190	
Work in Progress	369	2,229	761	2,306
TOTAL		**500**		**77**

23 EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	2,372	2,139
Contribution to provident & other funds	96	83
Gratuity (Refer Note 31)	38	90
Long term compensated absences	25	13
Employees Welfare Expenses	103	89
Expense on Employee Stock Option Scheme (Refer Note 30)	13	17
TOTAL *	**2,647**	**2,431**

* Net of amount of ₹ 169 (March 31, 2018 ₹ 94) which has been transferred to Capital work in progress during the year.

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Notes to Consolidated Financial Statements

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24 OTHER EXPENSES

	Year ended March 31, 2019	Year ended March 31, 2018
Power, Fuel & Water	912	755
Consumption of stores & spares	251	212
Repairs & Maintenance		
- Buildings	60	53
- Plant and machinery	216	156
- Others	129	103
Environment & Pollution Control expenses	454	350
Laboratory & Testing Charges	214	190
Freight & Cartage	406	321
Advertisement & Sales Promotion	372	370
Travelling and conveyance #	431	382
Rental charges {Refer note 33 (c)}	159	152
Rates and taxes	45	37
Insurance	42	44
Donation	59	34
Loss on Sale/Retirement of property, plant and equipment (Net)	13	5
Payment to auditors {Refer note 24 (a) below}	5	5
Telephone and communication charges	46	45
Provision for Bad and Doubtful debts & Advances	179	69
Director sitting fees and commission	19	15
Legal & professional fees	218	185
Bank charges	21	20
Corporate social responsibility expenditure {Refer note 25 below}	93	86
Miscellaneous Expenses	152	126
TOTAL *	**4,496**	**3,715**

a) Auditors' Remuneration

	Year ended March 31, 2019	Year ended March 31, 2018
-Audit Fees	3	3
- Limited Review Fees	1	1
-Certificates & other matters	1	1
-Reimbursement of expenses	0	0
TOTAL	**5**	**5**

* Net of amount of ₹ 55 (March 31, 2018 ₹ 2) which has been transferred to Capital work in progress during the year.

\# Includes lease rental for vehicles on operating lease amounting to ₹ 104 (March 31, 2018 ₹ 93). Refer note 33 (c).

25 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to PI Foundation Trust for CSR activities	93	86
Amount required to be spent by the Company during the year as per Section 135 of the Act	93	86
Amount spent during the year on :		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	93	86

26 DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of Property, Plant and Equipment (Refer Note 4)	910	810
Amortization of Intangible Assets (Refer Note 5)	20	20
TOTAL	**930**	**830**

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27 FINANCE COST

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on financial liabilities measured at amortised cost	47	50
Other borrowing costs	3	3
TOTAL	**50**	**53**

28 INCOME TAX EXPENSE

a) Income tax expense recognized in Profit and Loss

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax expense		
Current tax on profits for the year	1,192	1,009
Adjustment of current tax for prior year periods	(16)	(8)
Total Current tax expense	**1,176**	**1,001**
Deferred tax expense		
(Decrease) / Increase in Deferred tax liability	58	88
Decrease / (Increase) in Deferred tax assets	43	(110)
Net Deferred tax expense	**101**	**(22)**
Total Income tax expense	**1,277**	**979**

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

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement of defined benefit plans	(1)	6
Effective portion on cash flow hedges	42	(45)
Exchange difference on translation of foreign operation	0	0
Income tax charged to Other comprehensive income	**41**	**(39)**

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

	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	5,379	4,655
Tax at India's statutory income tax rate @ 34.944% (March 31, 2018: 34.608%)	**1,880**	**1,611**
Adjustment in respect of current income tax of previous years	(16)	(8)
Adjustment in respect of interest under 234A/B/C of Income Tax Act	-	1
Effect of concessions (expenditure on research and development)	(121)	(121)
Effect of income that is exempt from taxation (operations in tax free zone)	(486)	(513)
Difference in overseas tax rate	(0)	(0)
Effect of lower income tax rate	1	1
Effect of change in tax rate	8	-
Effect of amounts which are not deductible in calculating taxable income	11	8
Income Tax Expense	**1,277**	**979**

The Group recognised current tax amounts directly in retained earnings as a result of the changes in accounting policies. Refer note 43.

d) Unrecognized temporary differences

	Year ended March 31, 2019	Year ended March 31, 2018
Temporary difference relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Undistributed earnings	222	199
Unrecognised deferred tax liabilities relating to the above temporary differences @ 34.944% (March 31, 2018: 34.608%)	78	69

Certain subsidiaries of the Group have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from the subsidiaries. These subsidiaries are not expected to distribute these profits in foreseeable future.

29 RESEARCH & DEVELOPMENT EXPENSES

Details of Expenditure on Research & Development Facilities/ division of the Group recognised by Department of Scientific & Industrial Research.

a) Revenue Expenditure

	Year ended March 31, 2019	Year ended March 31, 2018
Other Income	0	2
TOTAL	**0**	**2**
Employee Benefit Expenses		
Salaries, Wages & Bonus	290	231
Contributions to Provident & other funds	20	16
Employee Welfare Expenses	7	7
	317	**254**
Raw & Packing Materials Consumed	**109**	**98**
Other Expenses		
Laboratory & testing Material	58	56
Power, Fuel & Water	40	42
Consumption of stores & spares	65	47
Testing & analysis	13	5
Travelling & conveyance	17	13
Rates and taxes	0	0
Printing & Stationery	0	0
Bank Charges	0	0
Legal & professional fees	33	17
Miscellaneous Expenses	36	34
	262	**214**
Depreciation		
Depreciation	100	90
TOTAL	**788**	**656**
Total Expenditure	**788**	**654**

b) Capital Expenditure

Description	Year ended March 31, 2019	Year ended March 31, 2018
Buildings	0	26
Equipments & Others	50	141
TOTAL	**50**	**167**

30 EARNING PER SHARE (EPS)

		Year ended March 31, 2019	Year ended March 31, 2018
a)	Net Profit for Basic and Diluted EPS	4,102	3,676
b)	Number of Equity Shares at the beginning of the year	137,907,318	137,586,624
	Add: Issue of Shares under ESOP	123,333	320,694
	Sub-total	**138,030,651**	**137,907,318**
	Less: Adjustment of own shares held under ESOP Trust	(231,200)	(271,558)
	Total Number of Shares outstanding at the end of the Period	**137,799,451**	**137,635,760**
	Weighted Average number of Equity Shares outstanding during the period - Basic	**137,947,190**	**137,571,318**
	Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	40,927	255,250
	Weighted Average number of Equity Shares outstanding during the year - Diluted	**137,988,117**	**137,826,568**
	Earning Per Share - Basic (₹)	29.74	26.72
	Earning per share - Diluted (₹)	29.73	26.67
	Face value per share (₹)	1.00	1.00

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31 EMPLOYEE BENEFITS

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

Provident Fund

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

Gratuity Plan

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

Long term compensated absences

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

a) Defined Contribution Plans:-

The Group has recognised an expense of ₹ 96 (Previous Year ₹ 84) towards the defined contribution plan.

b) Defined benefits plans - as per actuarial valuation

I Change in present value of obligation during the year

	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity		Gratuity	
	Funded	Non-funded	Funded	Non-funded
Present value of obligation at the beginning of the year	223	0	161	0
Total amount included in profit and loss*:				
- Current Service Cost	32	1	24	0
- Interest Cost	17	0	12	0
- Past Service Cost	-	-	57	-
Total amount included in OCI:				
Remeasurement related to gratuity:				
Actuarial losses/(gains) arising from:				
- Demographic Assumption	0	-	0	-
- Financial assumption	1	0	(4)	(0)
- Experience Judgement	2	0	(13)	(0)
Others				
Benefits Paid	(16)	-	(14)	-
Present Value of obligation as at year-end	**259**	**1**	**223**	**0**

* Includes expenses reclassified to capital work in progress ₹ 4 (March 31, 2018 ₹ 2)

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II Change in Fair Value of Plan Assets during the year

	Year ended March 31, 2019	Year ended March 31, 2018
Plan assets at the beginning of the year	88	30
Included in profit and loss:		
Expected return on plan assets	7	2
Included in OCI:		
Actuarial Gain/(Loss) on plan assets	2	0
Others:		
Employer's contribution	-	70
Benefits paid	-	(14)
Claim received during the year from fund manager	(3)	-
Pending claim with fund manager	(13)	
Plan assets at the end of the year	**81**	**87**

The plan assets are managed by the Gratuity Trust formed by the Group. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd., whose pattern of investment is not available with the Group.

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

	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity		Gratuity	
	Funded	Non-funded	Funded	Non-funded
Present Value of obligation as at year-end	259	1	223	0
Fair value of plan assets at year -end	81	-	87	-
Funded status {Surplus/(Deficit)}	(178)	(0)	(136)	(0)
Net Asset/(Liability)	**(178)**	**(1)**	**(136)**	**(0)**

IV Bifurcation of PBO at the end of the year

		Year ended March 31, 2019		Year ended March 31, 2018	
		Gratuity		Gratuity	
		Funded	Non-funded	Funded	Non-funded
1	Current Liability	-	-	-	-
2	Non-Current Liability	178	1	136	0

V Actuarial Assumptions

		Year ended March 31, 2019		Year ended March 31, 2018	
		Gratuity		Gratuity	
		Funded	Non-funded	Funded	Non-funded
1	Discount Rate	7.65%	7.65%	7.71%	7.71%
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 ₹ 53

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VII Sensitivity Analysis

Gratuity	Year ended March 31, 2019		Year ended March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(11)	11	(10)	10
Future salary growth (0.50 % movement)	12	(12)	10	(10)

VIII Maturity Profile of Defined Benefit Obligation

	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity		Gratuity	
	Funded	Non-funded	Funded	Non-funded
Within the next 12 months	14	0	12	0
Between 2-5 years	41	0	42	0
Beyond 5 years	204	0	169	0

IX Description of Risk Exposures:

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

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

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

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

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

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

C) Long term compensated absences

The provision for long term compensated absences covers the Group's liability for earned and sick leave, the amount of provision recognised is ₹ 119 (March 31, 2018 ₹ 103).

32 SHARE BASED PAYMENTS

Employee Stock Option Plan

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

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

Key terms of the scheme	
Date of Shareholder's Approval	21-Jan-11
Total Number of Options approved	62,62,090
Vesting Requirements	Options shall vest after a lock in period of one year from the date of grant. Option shall vest in four years as per the Group's ESOP plan. (Refer vesting schedule below)
The Pricing Formula	10% discount to market price on National Stock Exchange a day prior to date of grant
Maximum term of Options granted (years)	10 years

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Method of Settlement	Shares
Source of shares	Primary-Fresh equity allotment by Group to the Trust
Variation in terms of ESOP	Nil
Vesting schedule	Under the plan, participants are granted options which vests at 15%, 25%, 30%, 30% respectively each year over a period of 4 years or as defined in Grant letter.
Exercisable period	Once vested, the options remain excisable for a period of six years
Vesting condition	Vesting shall be computed through performance evaluation method based on conditions pre-communicated to employees.

I Option Movement during the year ended March 2019

Particulars	March 31, 2019		March 31, 2018	
	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	6,87,924	492.55	13,60,078	447.36
Options Granted during the year	-	NA	-	NA
Options Forfeited / Surrendered during the year	84,882	581.35	4,38,658	510.91
Total number of shares arising as a result of exercise of options	1,63,691	177.59	2,33,496	194.84
Money realised by exercise of options (₹ Mn)	29	NA	45	NA
Number of options Outstanding at the end of the year	4,39,351	592.87	6,87,924	492.55
Number of Options exercisable at the end of the year	2,31,200	499.46	2,66,748	255.81

II Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2019		March 31, 2018	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	-	NA	72,454	1.66
75 to 150	54,716	4.11	1,08,893	5.22
150 to 450	45,958	5.34	91,839	6.21
450 to 750	3,38,677	5.55	4,14,738	6.62

III Weighted average Fair Value of Options granted during the year

	March 31, 2019	March 31, 2018
Exercise price is less than market price (in ₹)*	NA	NA

* No options granted during the year ended March 31, 2019 and March 31, 2018.

IV The weighted average market price of options exercised during the year ended March 31, 2019 is ₹ 84 (March 31, 2018 is ₹ 88)

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, 2019 Weighted Average *	March 31, 2018 Weighted Average
1. Risk Free Interest Rate	NA	NA
2. Expected Life(in years)	NA	NA
3. Expected Volatility	NA	NA
4. Dividend Yield	NA	NA
5. Exercise Price (in ₹)	NA	NA
6. Price of the underlying share in market at the time of the option grant.(in ₹)	NA	NA

* No options granted during the year ended March 31, 2019 and March 31, 2018..

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VI Particulars

	March 31, 2019	March 31, 2018
Employee Option plan expense	13	17
Total liability at the end of the period	73	102

33 CAPITAL & OTHER COMMITMENT

		March 31, 2019	March 31, 2018
a	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 385 (March 31, 2018 : ₹ 326)	1,461	162
b	Export Commitment	5,202	3,404

c Leases

Operating lease commitments - As lessee

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

	March 31, 2019	March 31, 2018
- Payable within one year	156	147
-Later than one year and not later than five years	172	185
-Later than five years	0	-
-Lease payments recognised in Statement of Profit and Loss (Refer note 24)	260	243

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 absolute ₹ 2,20,010 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.

34 CONTINGENT LIABILITIES

		March 31, 2019	March 31, 2018
a.	Claims against the Group not acknowledged as debt;*		
	- Sales Tax including Goods and Service Tax	48	49
	- Excise Duty	21	26
	- Income Tax	78	78
	- ESI	1	1
	- Other matters, including claims relating to customers, labour and third parties etc.	35	27
b.	Guarantees excluding financial guarantees;		
	- Performance bank guarantees	259	212
c.	Other money for which the Group is contingently liable		
	- Letter of Credit	1,427	984

* 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.

"The Group is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and accordingly, no provision has been made in these Financial Statements".

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35 OPERATING SEGMENT

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

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

I Revenue:

A. Information about product revenues:

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

	March 31, 2019	March 31, 2018
Active Ingredients and Intermediates	19,205	14,687
Formulations	9,030	8,286
Others	174	114
	28,409	**23,087**

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:

Particulars	March 31, 2019	March 31, 2018
India	9,574	8,534
Asia (other than India)	3,893	8,683
North America	11,012	3,191
Europe	2,802	1,911
Rest of the World	1,128	768
	28,409	**23,087**

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

	March 31, 2019	March 31, 2018
India	14,131	11,260
Asia (other than India)	3	3
Europe	2	3
	14,136	**11,266**

36 RELATED PARTY DISCLOSURES

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

a) Nature of Related Party relationship

I - Joint Ventures, Associates and Controlled Trust:

(a) Solinnos Agro Sciences Private Limited. — Associate

(b) PI Kumiai Private Limited. — Joint Venture

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

(a) Key Management Personnel

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

Nature of Transaction	Type of relation	2018-19		2017-18	
		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)	159		129	
-Post employment benefits*		5		5	
-Commission and other benefits to non-executive/ independent directors		19		13	
Total		**183**	**(110)**	**147**	**(80)**
Other transactions					
Purchase of services	a(ii) (b)	14	(4)	13	-
Purchase of services	a(i)(a)	1	-	5	3
Sales of services	a(i)(a)	1	-	6	6
Rent Received	a(i)(a),a(i)(b)	1	-	0	-
Rental expense	a(ii)(b)	2	-	2	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	0	-	-	-
Donation	a(iii)	4	-	4	-
Investment purchased	a(i)(b)	95	-	1	-
Dividend paid	a(ii)(a), a(ii)(b)	164	-	49	-
		194	-	58	-
Salary	a(ii)(b)	-	-	0	-
Travel & Other expenditure incurred	a(ii)(a)	25	6	32	1
	a(ii)(b)	3	-	3	0
Contribution towards CSR Activities	a(iii)	93	-	86	-

* 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, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

	March 31, 2019		March 31, 2018	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March	48	0	47	-
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	53	1	36	0
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.	-	-	-	-

38 ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III TO COMPANIES ACT 2013, OF ENTITIES CONSOLIDATED AS SUBSIDIARIES, ASSOCIATES, JOINT VENTURE AND OTHER CONTROLLED ENTITIES

March 31, 2019

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
PI Industries Limited	98.56%	22,523	99.41%	4,078	99.75%	77	99.41%	4,155
Subsidiaries Indian								
PI Life Science Limited	0.77%	177	0.46%	19	-0.02%	(0)	0.46%	19
PILL finance and investments Limited	0.18%	41	0.03%	1	0.00%	-	0.03%	1
Subsidiaries Foreign								
PI Japan Limited	0.07%	17	0.05%	2	0.27%	0	0.05%	2
Associates								
Solinnos Agro Sciences Private Limited	0.03%	6	0.01%	0	0.00%	-	0.01%	0
Joint Venture								
PI Kumiai Private Limited	0.42%	96	0.00%	0	0.00%	-	0.00%	0
Controlled Trust								
PI ESOP Trust	-0.03%	(6)	0.04%	2	0.00%	-	0.04%	2
TOTAL	**100%**	**22,854**	**100%**	**4,102**	**100%**	**77**	**100%**	**4,179**

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March 31, 2018

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
PI Industries Limited	99.26%	19,105	99.71%	3,666	100.75%	(74)	99.68%	3,592
Subsidiaries Indian								
PI Life Science Limited	0.82%	158	0.37%	14	-0.01%	0	0.38%	14
PILL finance and investments Limited	0.21%	40	0.07%	2	0.00%	-	0.07%	2
Subsidiaries Foreign								
PI Japan Limited	0.08%	16	0.05%	2	-0.74%	0	0.07%	2
Associates								
Solinnos Agro Sciences Private Limited	0.03%	6	0.04%	1	0.00%	-	0.04%	1
Joint Venture								
PI Kumiai Private Limited	0.00%	0	0.00%	0	0.00%	-	0.00%	0
Controlled Trust								
PI ESOP Trust	-0.40%	(77)	-0.24%	(9)	0.00%	-	-0.24%	(9)
TOTAL	**100%**	**19,248**	**100%**	**3,676**	**100%**	**(74)**	**100%**	**3,602**

39 FINANCIAL INSTRUMENTS

1 Financial instruments – Fair values and risk management

A. Financial instruments by category

	Notes	31 March 2019			31 March 2018		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets							
Non-current assets							
Investments	7(a)	70	-	-	5	-	-
Loans	7(c)	-	-	41	-	-	39
Derivative financial instruments	7(g)	-	90	-	-	10	-
Other financial asset	7(g)	-	-	59	-	-	53
Current assets							
Investments	7(b)	1,119	-	-	1,595	-	-
Trade receivables	7(d)	-	-	6,618	-	-	5,268
Cash and cash equivalents	7(e)	-	-	614	-	-	1,173
Bank balances other than cash and cash equivalents	7(f)	-	-	278	-	-	134
Loans and advances	7(c)	-	-	63	-	-	37
Derivative financial instruments	7(g)	-	120	-	-	102	-
Other financial asset	7(g)	-	-	134	-	-	131
TOTAL		**1,189**	**210**	**7,807**	**1,600**	**112**	**6,835**
Financial liabilities							
Non-current liabilities							
Borrowings	15(a)	-	-	99	-	-	463
Other financial liabilities	15(c)	-	-	190	-	-	183
Current liabilities							
Trade payables	15(b)	-	-	5,130	-	-	3,687
Other financial liabilities	15(c)	-	-	2,419	-	-	2,144
TOTAL		**-**	**-**	**7,838**	**-**	**-**	**6,477**

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B. Fair value hierarchy

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

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

	Notes	31 March 2019			31 March 2018		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Investment in equity instruments	7(a)	5	-	65	5	-	0
Investment in mutual funds	7(b)	1,119	-	-	1,595	-	-
Derivative financial instruments	7(g)	-	210	-	-	112	-
		1,124	**210**	**65**	**1,600**	**112**	**0**

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

	Notes	31 March 2019			March 31, 2018		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets							
Security deposits	7(c)	-	-	23	-	-	23
Loans and advances to related parties	7(c)	-	-	3	-	-	78
TOTAL		**-**	**-**	**26**	**-**	**-**	**101**
Financial liabilities							
Security deposits from contractors	15(c)	-	-	4	-	-	5
TOTAL		**-**	**-**	**4**	**-**	**-**	**5**

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

Fair value hierarchy

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

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

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

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

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

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices

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

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

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

40 FINANCIAL RISK MANAGEMENT

Risk management framework

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

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

I. Credit Risk

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

Trade and other receivables and contract assets

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

The Group has established a credit policy under which each customer is analysed individually for creditworthiness before the Group's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority.

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

The Group computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Group uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward looking information.

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

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

	March 31, 2019	March 31, 2018
Opening balance	273	214
Changes in loss allowance	169	59
Closing balance	**442**	**273**

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 represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 was as follows:

	March 31, 2019	March 31, 2018
Trade receivables	6,618	5,268
Cash and cash equivalents	614	1,173
Bank balances other than above	278	134
Investments	1,119	1,595
Loans	104	76
Other financial assets	403	296
TOTAL	**9,136**	**8,542**

II. Liquidity risk

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

Management monitors rolling forecast of Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

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

	March 31, 2019	March 31, 2018
Expiring within one year		
- Fund based (Floating rate)	1,999	1,850
- Non fund based (Fixed rate)	1,164	854

(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.

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March 31, 2019	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	492	99	294	99	-	-
Interest Accrued but not due on Borrowings	2	2	-	-	-	-
Trade Payables (Due to micro and small enterprises)	48	48	-	-	-	-
Trade Payables (Other Trade Payables)	5,082	4,801	281	-	-	-
Employee payables	523	180	343	-	-	-
Security Deposits from Dealers	189	-	-	-	-	189
Security Deposits from Contractors	4	1	2	1	-	-
Unclaimed Dividends	7	7	-	-	-	-
Creditors for Capital Purchases	371	371	-	-	-	-
Other Payable	1,120	287	833	-	-	-
TOTAL	**7,838**	**5,796**	**1,753**	**100**	**-**	**189**

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	834	90	279	372	93	-
Interest Accrued but not due on Borrowings	2	2	-	-	-	-
Trade Payables (Due to micro and small enterprises)	47	47	-	-	-	-
Trade Payables (Other Trade Payables)	3,640	3,299	341	-	-	-
Employee payables	486	253	233	-	-	-
Security Deposits from Dealers	181	-	-	-	-	181
Security Deposits from Contractors	5	1	2	1	-	1
Unclaimed Dividends	6	6	-	-	-	-
Creditors for Capital Purchases	239	239	0	-	-	-
Other Payable	1,037	204	833	-	-	-
TOTAL	**6,477**	**4,141**	**1,688**	**373**	**93**	**182**

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 (₹). The Group uses forward exchange contracts to hedge its currency risk and are used exclusively for hedging purposes and not for trading and speculative purposes. These forward exchange contracts, carried at fair value, may have varied maturities depending upon the primary host contract requirement and risk management strategy of the Group. The objective of the hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions.

The Group's risk management policy is to hedge around 50% to 100% of the net exposure with forward exchange contracts. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary

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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, 2019 and March 31, 2018 expressed in Indian Rupees (₹) are as below:

Non derivative

Particulars	March 31, 2019					
	USD	EURO	JPY	GBP	CHF	AUD
Financial assets						
Cash and cash equivalents (EEFC Account)	60	-	-	-	-	-
Trade receivables	3,180	146	-	-	-	-
	3,240	**146**	**-**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	494	-	-	-	-	-
Trade payables	1,396	18	2	0	0	0
	1,890	**18**	**2**	**0**	**0**	**0**
Particulars	**March 31, 2018**					
	USD	**EURO**	**JPY**	**GBP**	**CHF**	**AUD**
Financial assets						
Cash and cash equivalents (EEFC Account)	11	-	-	-	-	-
Trade receivables	2,928	112	25	-	-	-
	2,939	**112**	**25**	**-**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	838	-	-	-	-	-
Trade payables	745	-	9	0	-	-
	1,583	**-**	**9**	**0**	**-**	**-**

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

	Year-end spot rate (₹)	
	March 31, 2019	March 31, 2018
USD	69.16	65.18
EUR	77.67	80.81
JPY (100)	62.42	61.51
GBP	90.53	92.28
CHF	69.43	68.50
AUD	49.02	50.04

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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.

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

	Profit or loss, net of tax		Impact on other components of equity, net of tax	
Effect in ₹	Strengthening	Weakening	Strengthening	Weakening
March 31, 2018				
1% movement				
USD	9	(9)	-	-
EUR	1	(1)	-	-
JPY (100)	11	(11)	-	-
GBP	(0)	0		-
	21	**(21)**	**-**	**-**

Interest rate risk

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

Exposure to interest rate risk

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

	March 31, 2019	March 31, 2018
Fixed-rate instruments		
Financial assets	833	1,248
Variable-rate instruments		
Financial liabilities	492	834
TOTAL	**1,325**	**2,082**

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.

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	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, 2019				
Variable-rate instruments	(1.61)	1.61	-	-
Cash flow sensitivity (net)	(1.61)	1.61	-	-
March 31, 2018				
Variable-rate instruments	(2.74)	2.74	-	-
Cash flow sensitivity (net)	(2.74)	2.74	-	-

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

(a). Disclosure of hedge accounting on financial position

Type of hedge and risk	March 31, 2019					
	No. of outstanding contracts	Nominal Value	Carrying value of hedging instrument *	Maturity date	Hedge ratio	Weighted average strike price/ rate
Foreign exchange forward contracts	150	11,637	210	April 2019 - December 2021	1:1	US$1: ₹ 69.16
Type of hedge and risk	**March 31, 2018**					
	No. of outstanding contracts	Nominal Value	Carrying value of hedging instrument *	Maturity date	Hedge ratio	Weighted average strike price/ rate
Foreign exchange forward contracts	121	9,887	111	April 2017 - March 2021	1:1	US$1: ₹ 67.94

* Refer Note No. 7(g)

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

Type of hedge	March 31, 2019			
	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss account	Amount reclassified from cash flow hedging reserve to profit and (loss)	Line item affected in statement of profit and loss account because of this reclassification
Foreign exchange forward contracts	(145)	-	(265)	Revenue
Type of hedge	**March 31, 2018**			
	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	242	-	374	Revenue

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(c). Movement in the cash flow hedge reserve

Effective portion of Cash flow Hedges	Amount
As at April 01, 2017	135
Add: Effective portion of gains/(losses) on cash flow hedges	242
Less: Amount reclassified to profit and loss account	373
Less: Deferred tax relating to above	(45)
As at March 31, 2018	**49**
Add: Effective portion of gains/(losses) on cash flow hedges	(145)
Less: Amount reclassified to profit and loss account	(265)
Less: Deferred tax relating to above	42
As at March 31, 2019	**127**

(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.

Effect in ₹	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2019				
1% movement				
USD	-	-	76	(76)
March 31, 2018				
1% movement				
USD	-	-	65	(65)

41 CAPITAL MANAGEMENT

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

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

		As at March 31, 2019	As at March 31, 2018
Borrowings (Non-current)		99	463
Borrowings (Current)		393	371
Total Debt	A	492	834
Total Equity	B	22,854	19,248
Debt to Equity ratio	A/B	0.02	0.04

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

Also refer note 14 relating to details on dividend declared and distributed.

42 ASSETS PLEDGED AS SECURITY

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

	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment		
First charge	1,805	1,825
Second charge	6,378	7,736
Floating charge	16,875	9,788
TOTAL	**25,058**	**19,349**

Notes to Consolidated Financial Statements

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43 CHANGES IN ACCOUNTING POLICIES

Impact on the financial statements

The Group applied IND AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of 1 April, 2018. Under this method, the Group recognised the cumulative effect of initially applying IND AS 115 as an adjustment to the opening balance of retained earnings as at 1 April, 2018. Comparative prior period has not been adjusted.

Entities applying the modified retrospective method can elect to apply the revenue standard only to contracts that are not completed as at the date of initial application (that is, they would ignore the effects of applying the revenue standard to contracts that were completed prior to the date of initial application). The Group elected to apply the standard only to contracts that are not completed as at the date of initial application.

The impact on the Group's retained earnings as at 1 April, 2018 is as follows:

	Notes		As on April 1, 2018
Retained Earnings			**15,097**
Increase in Profit before tax from adoption of IND AS 115	(i)	297	
Increase in Income tax liability	(i)	(81)	216
Retained Earnings			**15,313**

The following table presents the amounts by which each financial statement line item is affected in the current year ended March 31, 2019 by the application of IND AS 115 as compared with the previous revenue recognition requirements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Balance Sheet (extract)	Notes	Increase/ decrease
Current assets		
Inventories		(1,265)
Trade Receivables		1,444
Contract assets		520
Other current asset	(ii)	107
Current tax assets		(138)
Total Current assets		**668**
Current liabilities		
Other liabilities	(ii)	208
Current tax liabilities		6
Total current liabilities		**214**
Other equity		454
Total equity		**454**

Statement of profit and loss (extract) for the year ended 31 March 2019	Increase/ decrease
Revenue from operations	1,020
Total income	**1,020**
Expenses	
Changes in inventories of finished goods, work in progress and stock in trade	719
Total expenses	**719**
Profit before tax	**301**
Current tax	(63)
Total tax expense	**(63)**
Profit for the year	**238**
Total comprehensive income for the year	**238**

Notes to Consolidated Financial Statements

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(i) Increase in Profit before tax from adoption of IND AS 115

Application of IND AS 115 has resulted in change in recognition criteria of revenue from contracts wherein the Group's performance does not create an asset with alternative use to the Group and the entity has an enforceable right to payment for performance completed till date. This has resulted in recognition of revenue over the period of time rather than at a point in time. Refer accounting policies for details. Management has determined that it is highly probable that there will be no rescission of the contract and no significant reversal in the amount recognised in revenue will occur. Accordingly, management has recognised revenue on these contracts over the period of time and not at a point in time as was done during the earlier years.

(ii) Presentation of assets and liabilities related to contract with customers

With adoption of IND AS 115, the Group has changed the presentation of certain amounts to reflect the terminology of IND AS 115:

Liabilities in relation to refund/ return liabilities for the expected returns were previously being presented as net off from Trade Receivable are now included in other current liabilities as refund/ return liabilities. Further, the Group has right to recover these return product from the customer and accordingly, an adjustment was earlier made in Inventories of finished goods. However, these goods are not in control of the entity and accordingly, with adoption of IND AS 115, amount previously presented as adjustment to Inventories will now be presented separately under Other Current Assets. The asset is measured by reference to the former carrying amount of the product. The cost to recover the products are not material because the customer usually returns the product in a saleable condition.

44 EVENTS AFTER REPORTING DATE

The Board of Directors in the meeting held on May 17, 2019 have recommended final dividend for the year ended March 31, 2019 which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 14(B) for details.

45 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying IND AS 116, 'Leases'. The amendments are applicable to the Group from April 01, 2019. The Group is currently evaluating the impact of the new standard on the Balance sheet. However, the impact on Statement of Profit & Loss is not expected to be material.

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

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

Sd/-
Ashok Narayanaswamy
Partner
Membership Number: 095665

Place: Gurugram
Date: May 17, 2019

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:

Inspired by Science

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