



Annual Report **2011-2012**



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Inspired by

Science

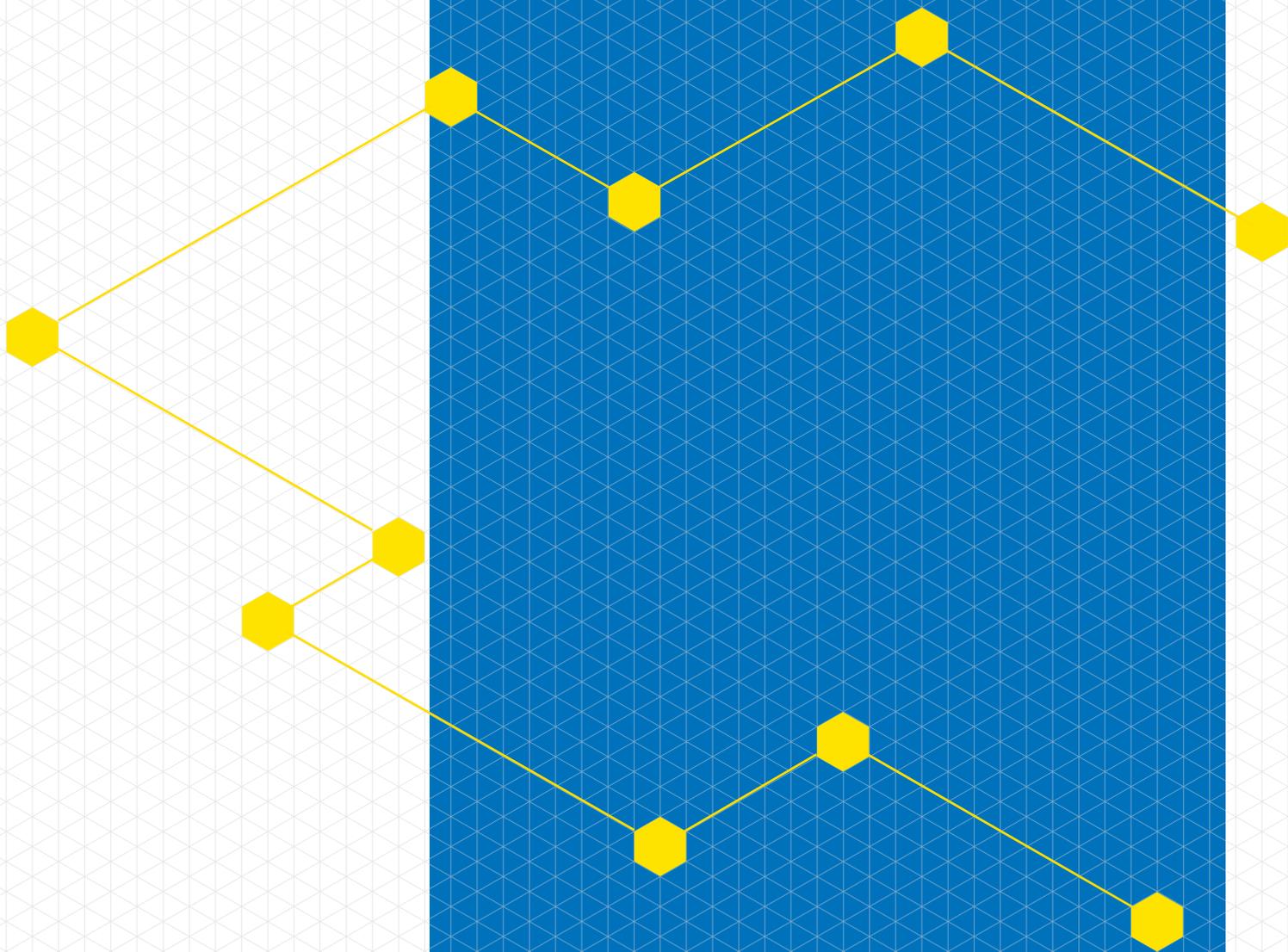
We at PI Industries Ltd (PI) are inspired by Science. Inspired by its ability to make an impact, create a difference. Also inspired by its ability to drive growth on a massive scale. India is aiming at a significant growth in the next few years. And we in PI are contributing to this growth in our own little way; by being at the forefront of science-led opportunities and by delivering highly innovative solutions.

Take for example our agriculture sector. PI has been using science to revolutionise agriculture in India. By building scores of Agri Input brands that increase productivity, enhance output, and make the lives of millions of farmers easier, more prosperous; and by a strong marketing & distribution network in India, covering more than 40,000 retail points and over 9,000 distributors direct dealers spread across all major agricultural areas, strong agricultural extension capabilities and unique product delivery mechanism.PI has created a successful track record of earning the trust of our farmers with innovative ideas.

We are also one of India's leading Custom Synthesis companies. We cherish ideas born in the laboratory and nurture them into their commercialisation. A lot of development and technology input is provided by us to do this. Our love for complex chemistry, our state-of-the-art manufacturing and research infrastructure, our ability to provide quick yet reliable solutions have helped us earn the trust of the world's foremost players in research and development. No wonder then, we are the chosen partner of the inventors and innovators, the people who are right at the cutting-edge of science.

OUR VISION

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



OUR DNA



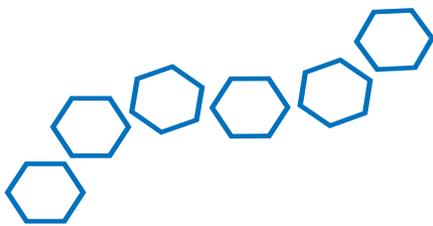
Trust

Integrity of purpose, honesty in action, and fairness in all our dealings.



Innovation

The constant quest for the horizon, the never-ending search for a better, newer way to do things. Innovation is a way of life for us.



Adaptability

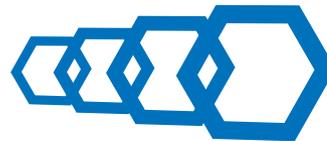
We are nimble-footed and highly responsive to change.

OUR VALUES



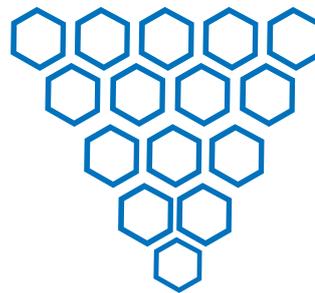
Growth

People grow with us, we grow with people. We attract, nurture and help people grow.



Speed

The way we observe, think and act.



Knowledge

The more we learn, the more we want to know. We respect, build and share knowledge.

CORPORATE CULTURE

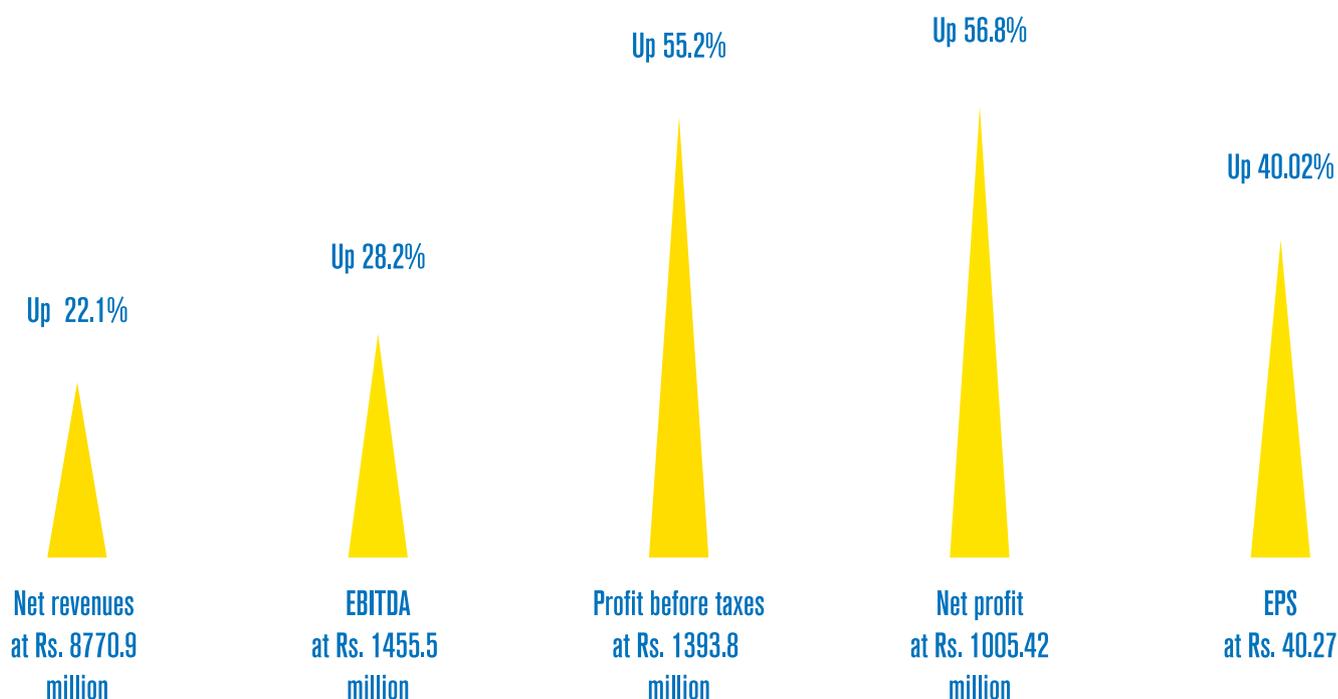


PI Industries thrives to create a work culture that has innovation at its core. A culture with diverse, outstanding employees who drive change and go beyond what is required to deliver. We are constantly looking to renew ourselves through new opportunities and new ways of going forward. We learn and gain inspiration from each other and are always open to new ideas. We recognise and reward results that contribute to the greater good and to our overall strategy.

Our never-ending effort to take innovation to the common man instils a sense of pride in our employees and they are always ready to go that extra mile to achieve that. In PI, we respect the vision and the values that our Founder imbibed in every employee who were and are a part of the organisation. Today, PI Industries has come a long way and the legacy of our Founder inspires us to reach greater heights. We, the workers and staff of PI salute our Founder who laid the foundation of integrity, courage and innovation. And we commit to live by them and carry them ahead as we move on the path of growth.

FINANCIALS AT A GLANCE

Highs of 2011-12



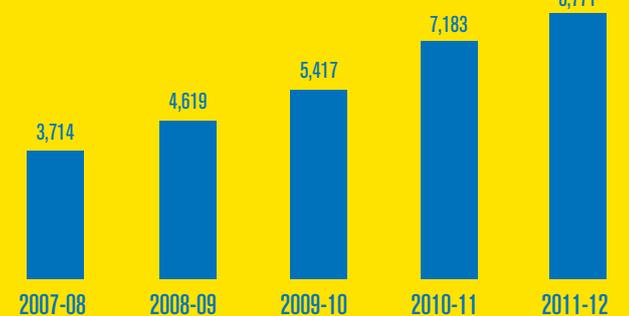
Performance at a glance

- Achieved important milestone of crossing Rs. 1000 Crore in revenue (gross) and Rs. 100 Crore in Net Profit.
- Net Revenue grew by 22% YoY (~36% YoY growth without Polymer Compounding revenue); Continues to show top-quartile growth owing to its portfolio of novel products and ramp-up in exports.
- Continued earning momentum in domestic Agri-Input and Custom Synthesis exports; domestic revenue grew by ~22% and Custom Synthesis recorded ~62% growth YoY due to demand surge in already commercialized products.
- Margin expansion driven by change in revenue quality and operating leverage; EBITDA up by 28% YoY and margins improved by ~75 bps.
- Consolidated Net Profit grew by 59% YoY Including the exceptional gains of divestment of Polymer business and after adjusting foreign exchange loss of Rs. 44.8 million (last year gain of Rs. 73.5 million).
- Cash generated from operations before tax and exceptional items grew by ~213% YoY
- Total dividend for the year (including interim dividend of Rs. 2.00 per share paid earlier in the year) is Rs. 5.00 per share i.e. 100%.
- Successfully introduced two broad spectrum modern fungicides: CLUTCH and SANIPEB, one wheat herbicide: WICKET and a broad spectrum Insecticide: OVAL. Also reached the penultimate stages of registration approval for two new broad spectrum insecticides; both these molecules are expected to be launched in the domestic market in the year 2012-2013.
- Company's R&D facility at Udaipur accredited for 'Good Laboratory Practices (GLP) and Norms on OECD Principles' by National GLP Monitoring Authority (NGCMA), Government of India' in the field of Physical - Chemical Testing.

Our journey through the last five years

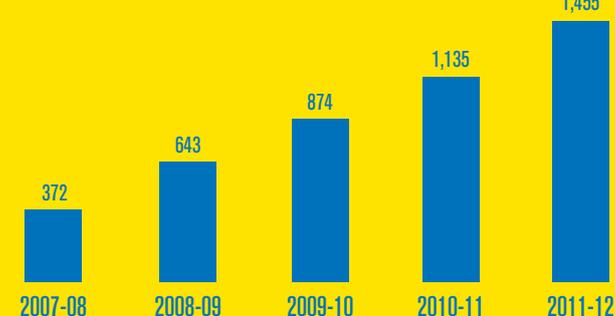
Net Sales (Rs. Million)

CAGR - 24%



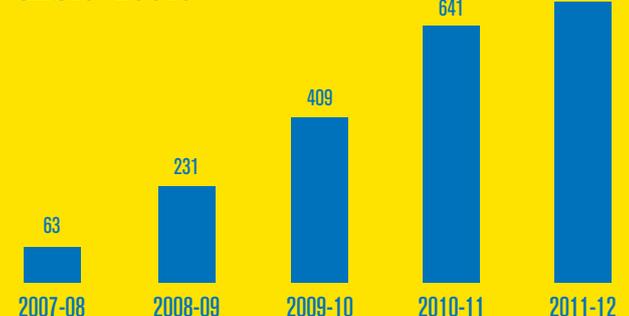
EBIDTA (Rs. Million)

CAGR - 40.6%



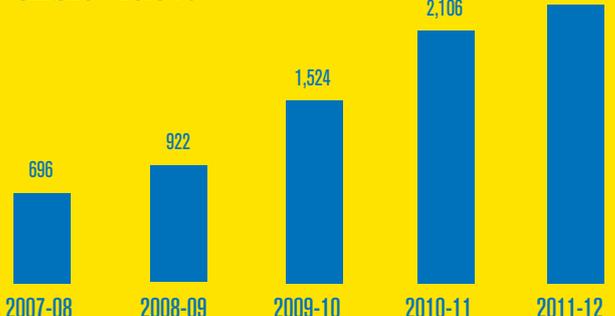
Net Profit (Rs. Million)

CAGR - 100%



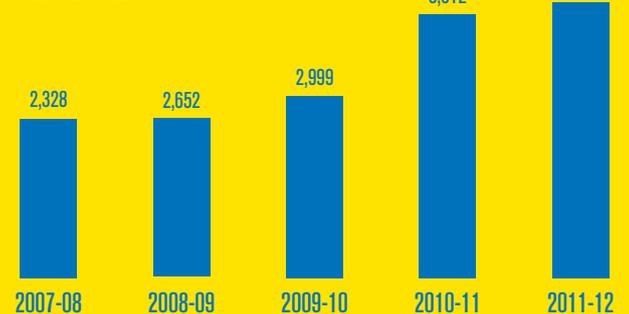
Net Worth (Rs. Million)

CAGR - 46.3%



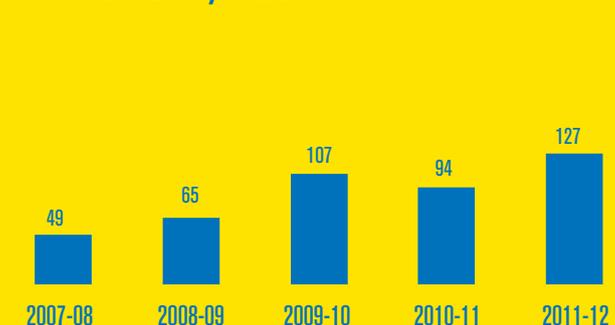
Gross Fixed Assets (Rs. Million)

CAGR - 20.6%



Book Value (Rs./Share)*

Face Value Rs. 5/- Share



*The Book Value for the current and earlier years has been recomputed after adjusting for the sub-division of the shares in 2011-12.

BOARD OF DIRECTORS



Left to Right

Standing: Mayank Singhal, Bimal Kishore Raizada, Rahul Raisurana, Narayan K. Seesadri, Raj Kaul, Pravin K. Laheri, Anurag Surana

Sitting: Mrs. Ramni Nirula, Salil Singhal, P. N. Shah.

Executive Directors

Salil Singhal (Chairman & Managing Director)

Mayank Singhal (Managing Director & CEO)

Anurag Surana (Whole Time Director)

Non- Executive Directors

P.N. Shah (Director)

Raj Kaul (Director)

Narayan K. Seshadri (Director)

Bimal Kishore Raizada(Director)

Pravin K. Laheri (Director)

Rahul Raisurana (Director)

Mrs. Ramni Nirula (Director)

CORPORATE INFORMATION

● **Registered Office**

Udaisagar Road, Udaipur - 313 001, Rajasthan, India

● **Corporate Office**

5th Floor, Vipul Square, B Block, Sushant Lok, Phase - 1, Gurgaon-122009, India

● **Manufacturing Facilities**

Udaisagar Road, Udaipur - 313 001; Plot No. 237, GIDC, Panoli, Gujarat;
Lane-IV, Bari Brahmana, Jammu, J&K.

● **Executive Director – Corporate Strategy and Finance**

Mr. Rajnish Sarna

● **Company Secretary**

Mr. Naresh Kapoor

● **Auditors**

B.D. Gargeiya & Co, Jaipur
S.S. Kothari Mehta & Co., New Delhi.

● **Cost Auditors**

K.G. Goyal & Co.
Jaipur

● **Internal Auditors**

M/s Protiviti Consulting Pvt Ltd, Gurgaon

● **Bankers**

State Bank of Bikaner & Jaipur
State Bank of India
Axis Bank Ltd.
IDBI Bank Ltd.
Housing Development Finance Corporation Ltd.
Export-Import Bank of India
Standard Chartered Bank

● **Registrar and Transfer Agent**

M/s Karvy Computershare Pvt. Ltd.
17 to 24, Vithalrao Nagar
Madhapur, Hyderabad - 500 081

● **Share Department**

5th Floor, Vipul Square, B-Block,
Sushant Lok, Phase - I, Gurgaon - 122009



CHAIRMAN'S MESSAGE

Dear Shareholders,

We have completed another remarkable year and set new benchmarks as we continue our growth journey. The fundamentals are firmly in place as we look to consolidate our premium position as a Company operating in the niche areas of agri-inputs and custom synthesis.

With a presence of over six decades, your Company has built an excellent understanding of Indian agriculture. We have one of the most extensive pan India marketing and distribution set-ups. Our brand-building skills, experienced management team, good product portfolio and a robust product pipeline make us a formidable force. Within the agri-inputs sector, your Company has taken a differentiated approach emphasises on in-licensed and co-marketed products. This makes us an able partner offering a readymade platform for global innovators to introduce their products in the fast growing Indian market.

The Custom Synthesis and Manufacturing exports continues to grow at a brisk pace. At any given point in time we have about 25-30 projects at their initial "research" stage, which is representative of the potential upside in our business. Presently there are over a dozen products that have reached the commercialisation stage. Our order pipeline is very strong and consists primarily of multi-year orders with protection against currency fluctuation and raw material pricing built-in.

The new manufacturing facility at Jambusar (Gujarat), is making good progress and commercial production should commence in H2 FY2013. This will not only give us additional capacities to service our growing order book position but also offer various tax benefits as it has been set up in a SEZ.

We are committed to build on our strengths and be globally recognised for our abilities and reach we have in our businesses. Our business is on a high growth trajectory backed by a strong product portfolio in the agri-inputs space and progressive ramp up in the custom synthesis space and we remain on track to deliver.

I take this opportunity to express my gratitude to everyone, first and foremost our employees, our customers, bankers, financial institutions who are indeed the pillars of our Company and also our shareholder community for their faith in our growth story. I also wish to thank all our other stakeholders for their continued support.

Salil Singhal
Chairman & Managing Director



MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

It is a pleasure to address you once again. I am delighted to report that we have put in another strong performance this year where our revenues and EBITDA have grown by -22% and 28% respectively and net profit has crossed the Rs.100 Crore mark. The performance was also aided by the inflows from the divestiture of our polymer compounding business which has been used to strengthen the balance sheet as well as deploying resources in our core business. The performance is even more commendable given that it was achieved in the backdrop of a challenging macro-economic scenario and an erratic pattern of the north-east monsoon. It further reinforces the strength of our unique business model fortified with trust and respect for IPR along with a pursuit of excellence.

The Indian agricultural landscape witnessed a mixed picture for FY12. The industry suffered due to increased input costs (fuel, raw material etc.) and inability to completely pass it on to the end consumer. Erratic rainfall, low crop productivity, poor crop economies and reduced acreages for some crops negatively impacted farmers' ability and inclination to invest in crop protection products.

Despite these challenges our domestic Agri-Input business witnessed a revenue growth of -22% much ahead of the sector average. We also pro-actively introduced new molecules, which are based on our ground level understanding of the needs of the farmer. In the coming financial year we plan to introduce 2 new molecules which have potential to become category leaders. We have signed agreements for 6 new molecules to strengthen our product portfolio and sustain our growth momentum.

The recent budgetary support to agriculture and the necessity to ensure food security to our citizens require all out efforts to enhance agriculture productivity, and hence offers great opportunity for the growth of its input industries.

Our Custom Synthesis exports grew from strength to strength, up 62% YoY. The fact that more than 90% of the revenues from our Custom Synthesis exports are derived from patented products speaks highly of both our technological capabilities and the trusted relationships we enjoy with the global innovators. Given the very good visibility and the new capacity addition, the company is well on its way to sustained and interesting growth in the coming years.

The year was also one of rewards and recognition.

We received the GLP Certification. One of our very prestigious Business Partner M/s Bayer, Germany bestowed on us the 'Certificate of Excellence' in recognition of our outstanding performance under Supplier Sustainability Program. And then your Company was recognized as one of India's top 100 brands by PowerBrand.

All this has been possible due to the commitment and dedication of our people.

Going ahead we will continue to strengthen our human resources and our processes for greater achievements and succeeding years.

Mayank Singhal
Managing Director & CEO

MANAGEMENT DISCUSSION AND ANALYSIS



1. INDUSTRY STRUCTURE, DEVELOPMENTS AND PI'S GROWTH STRATEGY

Domestic Agriculture & Agri-Input Scenario:

Agriculture continues to be the single most important source of livelihood for the masses in India. Ensuring food security for a population of more than 1.21 bn with diminishing cultivable land resources is a critical challenge for India. The declining arable land, fragmentation of land holdings, low productivity vs. global peers and differential yields across states further compounds problems, making it imperative to use crop protection products, high yielding variety of seeds and balanced use of fertilisers to improve yields. These measures need to be coupled with education of farmers on the use of modern farming techniques.

In FY12, the kharif foodgrain production stood at 128.4 m.t., which is the largest ever kharif harvest, while the rabi crop estimated at 122.0 m.t. came in lower than the record of 123.6 m.t. last year. There has been a decline in overall area under foodgrains during 2011-12 (2nd Advance Estimates) as compared to 2010-11. The area covered under foodgrains during 2011-12 stood at 125.50 million ha compared to 126.77 million ha last year. The area under cotton however increased significantly to 12.18 million ha as compared to 11.23 million ha during 2010-11.

Rainfall continues to influence crop production and productivity in a substantial manner. Around 75 per cent of annual rainfall is received during the south-west monsoon season (June-September). During the south-west monsoon season 2011, the country received 1 per cent more rainfall than the long period average (LPA). However, the situation in the north east monsoon was just the opposite. The north east monsoon season registered significantly lower than its normal rainfall (only 52% of LPA) and the distribution was also scanty which affected crop acreages and yield in several parts of country.

Consequently the agricultural production for the year FY12 has shown a mixed picture. While output levels for rice and wheat peaked last year, the output levels for pulses and oilseeds were a cause of concern. The crop prices also exhibited volatility during the last year, and were not necessarily driven by traditional demand-supply dynamics.

With rising population and growing per capita income, domestic demand for food grains is expected to rise significantly. Demand for food grains is expected to increase from 192 million in 2000 to 355 million tonnes in 2030 growing at an annual CAGR of 2.1%. Hence, production of food grains needs to be increased at an absolute rate of -5.5 million tonnes annually to meet the domestic requirements. India has a 2.3% share in world's total land area while it is home to 17.5% of the world population and this is a major challenge to ensure food security.

Most of the Indian farmers have small and fragmented landholdings leading to sub-optimal / marginal scale of operations. The average farm size in the country has been declining over the years. This poses a major challenge for increasing the level of farm mechanization as well as generating steady income from farm operations. While consolidation of land holdings may yield better economies of scale, land laws in the country present an issue and options such as leasing with sufficient safeguards built in for the farmers need to be explored.

Another major challenge for the sector is storage capacity which is currently inadequate and leading to substantial post-harvest losses. Addressing infrastructure requirements especially storage, transportation, communication, roads, and markets through Public Private Partnership models can help in enhancing productivity, efficiency and output of the agriculture sector.

The level of secondary food processing in India is very low compared to many western countries and has historically been focused on cereals, rice and wheat. With increasing income and population, demand for processed food is likely to increase. It is necessary to cater to this changing demand and at the same time enhance the income of farmers. Accordingly, investment in food processing, cold chains, handling, and packaging of processed food needs encouragement, and much greater government focus and facilitation.

There has been substantial increase in the MSPs of various crops over the last few years. While this incentivizes farmers to increase production and productivity, inability of a large number of small and marginal farmers to directly access the agriculture market limits the actual benefit of increases in MSP for such farmers.

Hence, given the multiple challenges confronting India's agriculture sector, there is an urgent need to boost production of crops and tackle supply side constraints.

The Union Budget of 2012 has given positive signals and reiterated that agriculture continues to be a major priority for the government.

- An 18% increase in the planned outlay for agriculture and a Rs 1,00,000 crore boost to the agricultural credit target
- Allocation for the Rashtriya Krishi Vikas Yojana has been raised substantially. Given the need for boosting rice production budget for the scheme, 'Bringing Green Revolution in Eastern India' has been raised from Rs. 600 crore to Rs. 1,000 crore
- Rs. 10,000 crore has been allocated to NABARD for re-financing regional rural banks (RRBs) to provide short-term loans to small and marginal farmers
- Research to develop seed varieties resistant to climate change has been incentivized. New national missions on food processing, oilseeds and oil palms, and sustainable irrigation have been announced
- Tax exemptions have been given for agri-research and extension services
- Measures have been announced to boost investment in terminal markets, agricultural marketing infrastructure and testing laboratories to improve marketing of agricultural produce
- Various measures have been announced for increasing grain storage capacity to reduce distress sale by farmers and contribute to long term food security.

Given the backdrop where improving farm yield is imperative for self-sufficiency in food requirements, crop protection products will play a key role. Both higher crop productivity and quality can be achieved through better crop protection products, and the key challenge is to reduce pest related crop losses.

The Hon'ble Minister for Agriculture GOI has stated in the Parliament that on an average, around -10%-30% of yield is lost due to pests. It is estimated that the highest food grain loss is due to weeds (28%), by diseases (25%), by insects (23%), during storage (10%) and others (14%). Despite this, the per hectare pesticide consumption in India is significantly lower than global averages and currently stands at 0.5kg/ha, vis-à-vis 14kg/ha in S. Korea and 7kg/ha in USA suggesting ample scope for long term growth of the industry.

The key reasons for low pesticide consumption have been lack of affordability of agrochemicals and low awareness about potential losses coupled with low reach and accessibility of products. However, with rising MSPs driving higher farm incomes and significant focus of companies on education and extension programs for farmers, the scenario is changing rapidly.

According to CMIE data, the Indian crop protection industry was sized at Rs.137bn (domestic consumption) in FY2010. While the industry registered a CAGR of -8.2% over FY2000-10, growth has accelerated to 11.2% CAGR over FY2005-10. Going ahead, the crop protection industry is expected to grow at 10-12% CAGR.

India is the 4th largest manufacturer of crop protection chemicals behind USA, Japan and China. India is also one of the most dynamic generic pesticide manufacturers in the world though highly fragmented in nature. According to industry data, more than 60 technical grade pesticides are being manufactured indigenously by 125 producers including 60 large and medium scale enterprises. Most Indian technical manufacturers are focussed on off-patent pesticides, which account for c. 70% of the domestic market. Further, there are more than 1,200 pesticide formulators pan India. The industry landscape includes multinational companies, medium sized Indian Companies and hundreds of regional formulators.

Subsequent to a strong start to the year for the domestic agro-chemical industry with a record kharif crop, the weak rabi season led to a subdued sentiment in the second half of FY12. . Andhra Pradesh, Karnataka, Maharashtra and West Bengal were impacted by the erratic rainfall while crop holiday in rice deltas of Andhra Pradesh led to reduced consumption of agro-chemicals domestically.

Global Custom Synthesis and Manufacturing Scenario



Innovation in the fine chemicals industry has hitherto been largely concentrated in the developed countries. Most of the new products introduced in the global market come from a handful of innovators, given the significantly high cost from discovery to commercialization (a study estimates this at c. US \$ 250 million).

The business case for outsourcing of both process research and manufacturing to credible players in emerging markets who can offer quality at par with that of the patent holders while offering strong cost advantages is being driven by multiple factors including:

- High cost of skilled manpower in developed markets
- Focus on R&D and global marketing rather than on manufacturing in high cost economies
- Need for shortening discovery to monetize the same in a timely manner
- Proximity to growing / emerging markets
- Rising regulatory costs in the developed countries

The Global Fine chemical Industry is estimated to be - \$ 300 billion by the year 2015 having a growth rate of 7-8 % with strong anchors in Asia. Of this, the addressable portion of Custom Synthesis and Manufacturing (CSM) is estimated at - \$ 85 billion.

Although India currently accounts for less than 5% of the CSM business globally, this share is expected to grow substantially over the next 5-7 years. The Indian CSM industry is expected to grow at much faster pace than the -12% CAGR of the global CSM market

Outsourcing to India is on the rise owing to compelling benefits including world-class research and manufacturing



infrastructure, large well qualified talent pool including with strong chemistry and process skills, moderate R&D and manufacturing costs and high capital efficiency. India already has the highest number globally of USFDA and UK MHRA approved plants for pharma products. With 170 approved plants, India has become a natural outsourcing destination for global companies seeking to achieve accelerated time to market and superior cost efficiencies.

The recent global economic slowdown has further catalysed the adoption of the contract manufacturing model with both innovators and generic makers searching for optimal quality and cost options. These factors augur well for the Indian CSM players that are well equipped to capitalise on opportunities in global outsourcing. These companies have strengthened presence in the market by acquiring better technologies and developing expertise in niche segments that have high entry barriers and present attractive margins.

Traditionally, India has been the outsourcing destination for Intermediates and Active Pharmaceutical Ingredients (c. 60% of total outsourcing has been in this segment). However, the outlook is changing rapidly as many Indian companies have expanded their offering under contract manufacturing and have also built capabilities in the areas of contract research for discovery and development.

Over the years, some Indian companies including PI Industries have significantly expanded their capabilities to steadily move up the value chain and also augmented capacities to gain a foot hold in high value, niche areas. This capability and capacity expansion has enabled Indian companies like PI Industries to offer advantages of process innovation, quality and scale to the global life sciences and fine chemicals industry.

PI Industries Ltd: The Spirit of Partnership



Your Company has created a unique business model over the years.

On one hand, it has excellent understanding of Indian agriculture, a large marketing setup on pan India basis, brand building capabilities and track record, an experienced team, excellent portfolio of products, and a robust pipeline of in-licensed product through tie ups with global innovators, etc.

With these strengths, your Company has developed a differentiated business model in the domestic agri-input space with focus on increasing the share of in-licensed and co-marketed products and offers global innovators access to the fast-growing Indian agrochemicals market. Innovators who for various reasons are not inclined to have their own distribution set up, find PI as an ideal partner for their new products.

On the other hand, with world class R&D and manufacturing set in India, excellent chemistry process research & manufacturing capabilities, strong relationships with global innovators, business development and raw material sourcing setups in Japan and China, your Company is today a preferred outsourcing partner for the global Innovators.

The niche we have developed in outsourcing underlines our belief in partnering with our customers and value creation. Our outsourcing for agrochemicals is currently one of the strongest in India. We take pride in the fact that we partner with the global majors rather than compete with them and this has not only served as the foundation of our successful relationships and enhanced reputation as an outsourcing company but also supports the growth of our domestic agri-input business by providing us their leading and innovative products for our Indian farmers.

Your Company has been able to build a sustainable and strategic relationship with its customers on the back of our end-to-end infrastructure & setup from R&D, Kilo plant, Pilot plant, large scale manufacturing set to marketing & distribution in India, in a market with high entry barriers. The whole model is anchored on trust and respect for Intellectual Property (IP).

Both the business models of your Company complement each other to derive maximum benefit from the life-cycle of new products.

The focus of custom synthesis and manufacturing is to build strong portfolio of patented molecules through tie-up with global innovators for synthesis and manufacturing on long-term basis, keep building R&D / synthesis product pipeline and order book position for already commercialized products. Here the strategy is to build capabilities in technology platforms having applications in agrochemicals, pharma, electronics, imaging and various other niche fine chemical areas.

2. REVIEW OF OPERATIONS

Your company's domestic agri input revenues grew at 22% YoY during FY12 and once again outperformed the industry. The growth was mainly driven by successful ramp-up of sales from newly launched in-licensed products, expansion of the distribution network and the strategy of consistent addition of new products to the portfolio (including for crop solutions in focused crops / pests). Rigorous planning, proactive sales promotion on select crops, regular monitoring of crop acreages and pest infestation and the strong and well functioning distribution network contributed hugely to our success.

This growth was achieved despite several challenges for the industry during the year. These included increasing costs of production due to increased input costs (manpower, fuel etc.) and the inability of the farmers to realize Minimum Support Prices (MSP) in many parts of the country (this impacted crop economics for farmers). Further a change in subsidy system for fertilizers, export restrictions on leading crops, crop holidays in certain areas and unfavorable rains for crops such as pulses and soybeans posed further challenges.

These negatively impacted the farmers' ability and inclination to invest in plant protection chemicals thereby adversely affecting the agro-chem industry.

Rainfall, both in terms of quantum and distribution, particularly in the 2nd crop season (Rabi), was weak and has adversely affected the farmers and the agri-input industry. Though the South West monsoon was normal for most parts of the country (102% of its LPA), North East monsoon was significantly lower than normal (52% of LPA) and the distribution was uneven which affected crop acreages and yields in several parts of the country.

This financial year also saw steep rise in energy and transportation costs, significant volatility in the Indian rupee vs. foreign currencies and raw material price increases.

While there was a marginal increase in the prices of crop protection chemicals in the first half of FY 2011 - 12, prices were under pressure in the second half of the FY under review. Your Company was able to maintain comparatively better margins in most of the products due to its leadership position, product quality and brand image.



For the third consecutive year, NOMINEE GOLD (rice herbicide) continued to be a sought after solution for weeds by rice growers and one of the key growth drivers for PI. Your Company successfully enlarged the use of NOMINEE GOLD as a key enabler for rice productivity enhancement. Additionally, the Company is also promoting new techniques including direct seeded rice (vs. the present practice of transplanted rice). This change provides significant water and labour costs savings to the farmers.

As a part of its strategy to provide complete crop solutions, your company successfully introduced two broad spectrum modern fungicides (CLUTCH and SANIPEB), one wheat herbicide (WICKET) and a broad spectrum Insecticide (OVAL).

The concept of Mobile Rice Clinics to improve food security in association with International science-based organization – CABI was successfully initiated and implemented in rural parts of Uttar Pradesh. This initiative was undertaken as a part of our efforts to increase rice crop productivity by disseminating rice pest solutions to the small farmers (typically unaware of existence of such solutions). As a part of its business philosophy and Corporate Social Responsibility, PI's staff worked as field plant doctors also, to provide scientific solutions to the farming community.

Your Company's custom synthesis and manufacturing exports continues to demonstrate strong growth momentum and grew at 63% YoY during FY12. The growth during the year under review was driven by manufacturing and supply of some newly patented active ingredients and key intermediates to our premier global customer base along with steady supplies of earlier products. During the year, c. 80% of the business was derived from patented products (active ingredients / intermediates) reflecting the enormous trust in your company by leading global MNCs. This part of the Company's business continues to enhance growth in attractive niches / new technology areas currently under patent.

The Company has a strong order pipeline for the next 3 - 5 years and is well positioned to capitalize on the expected growth in the contract research and manufacturing market to establish itself as a leading global player in custom research and synthesis. Due to the consistent efforts of our business development team, we have commenced commercial production of a promising new product, which is expected to contribute significantly to revenues in the current fiscal, and ahead.

The commissioning of the new manufacturing facility in Jambusar will enable your Company to enhance its manufacturing capacity to meet growing customer requirements.

Your Company's research collaboration with M/s Sony Corporation of Japan continues to progress well and supports the development of commercial processes in the area of electronic chemicals. With the success of the PI - Sony research collaboration and the skill-sets, resources and infrastructure available with your company, some new customers have expressed keen interest in partnering with PI for similar collaborative pursuits. This is a recognition of the company's capabilities in the area of fine chemicals and future growth potential.

During the year under review, various process improvement projects were undertaken for improving product quality and productivity of the manufacturing processes. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work.

During the year under review, the Company's R&D facility at Udaipur was accredited for Good Laboratory Practices (GLP) and Norms on OECD Principles by National GLP Monitoring Authority (NGCMA), Government of India in the field of Physical – Chemical Testing. This has been an outstanding accomplishment for the Company during the year.

The Company's certification follows the grant of full membership to India as an OECD member country. Hence, the physical / chemistry related data generated in Company's GLP accredited lab would now be acceptable by registration authorities (agrochemicals/pharma etc.) in all OECD countries such as USA, European countries, Japan etc.

The GLP certification opens new business opportunities as also meets PI's strategy to provide comprehensive solutions under one roof. It also broadens PI's portfolio of custom synthesis and manufacturing solutions to cover chemical process research, molecule development, analytical method development, synthesis of high purity / impurities of chemical entities for analytical reference standards, 5 batch analysis under GLP conditions, scale up studies, process / plant engineering and commercial scale production.

Pursuit of excellence is at the centre of all manufacturing initiatives at PI with sustainability as the underlying principle with a strong focus on safety and environment. All manufacturing locations have been constantly contributing to growth through innovative approaches for optimizing costs of operations. Your manufacturing locations have in place an Integrated Quality Management System (IQMS) and accreditations encompassing ISO 9001, ISO 14001, OHSAS 18001 & ISO 17025.



Outlook

Over the years, the Indian agriculture sector has made substantial progress albeit slowly, in terms of production and productivity. Yet, this sector continues to face numerous challenges from farm to fork. Several supply-side constraints continue to present a challenge for food security for the large and growing population of India. In order to achieve the objectives of the proposed Food Security Bill 2011 and National Agricultural Policy, numerous efforts are required to increase production efficiency and farm profitability.

With the motto of “Bringing Innovations to Farmers”, your Company is committed towards identifying, optimizing and introducing innovative technologies to Indian farmers. The team is closely working with product innovators, agri research universities, extension machinery and NGOs to create additional value in the food value chain.

In FY 2012 - 13, your Company will be introducing two novel molecules in the Indian Ag-chem market, which are expected to be game changers in their target pest segments. To re-energize some of its key brands and product portfolio, your Company will also be re-launching one existing brand.

Further, the Company has signed agreements for six new molecules (in insecticide / herbicide / fungicide segments) with their patent holders to evaluate their potential in the domestic Indian market. These products will further augment the Company's product pipeline and strengthen our product portfolio in the coming years

Amidst strong government focus and policy initiatives to enhance agriculture productivity and predictions of normal monsoon for FY 2012-13 by Indian Meteorological Department (IMD), your Company on the back of its various strengths expects to sustain strong growth momentum in the domestic business.

Given the need for additional capacity to service the growing order book in the custom synthesis & manufacturing, the Company has made good progress in the construction of the new manufacturing site at Jambusar (Gujarat). The facility is expected to start commercial production from the 3rd quarter of the current financial year. Your Company has set up this plant in an SEZ, which offers various tax benefits and ease of operations.

Custom synthesis and manufacturing will remain a key growth driver for the Company. The business has demonstrated robust growth over the last few years. With the commissioning of the new manufacturing facility at Jambusar, existence of multiyear contracts and a solid order book position, it is expected to continue to contribute significantly to revenues and earnings of the Company.

With consistent performance in terms of timely product supply, quality and service, your Company has established strong credibility with its customers thereby getting an opportunity to work on newly patented products, which offer more opportunities for growth and attractive long-term prospects.

With the support of a reputed Consultant the manufacturing team has taken up a special project for operational excellence in production, maintenance, capacity debottlenecking through value engineering, energy conservation, workplace organization, and focused Improvement projects to reduce unplanned downtime and cost reduction. These initiatives are showing positive results and the targeted operational efficiencies are expected to be achieved.

The Company is also working on certain niche fine chemical areas, which can further broad base and strengthen the Company's position in custom synthesis and manufacturing.

3. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Given the highly volatile and challenging business environment, risk management remains a key priority for the Company. The business dynamics in terms of global operations, continuous enhancement in product pipeline, capacities and technologies coupled with highly volatile economic, political and policy environment present additional risks.

Your Company has instituted a strong risk management framework that enables active monitoring of business activities for identification, assessment and mitigation of potential internal or external risks via established processes and guidelines along with a strong oversight and monitoring system at the Board and senior management levels.

The Audit Committee, Executive Directors and Head of Assurance function act as a governing body to monitor the effectiveness of the internal controls framework. There is a regular internal audit process carried out by M/s Protiviti, who make an independent assessment of our internal controls in various areas of the Company's functions and provide suggestions for improvement. The Audit Committee, on a quarterly basis, reviews the adequacy and effectiveness of the internal controls in the various areas and support functions and advises the Board on any concern / strengthening for appropriate action.

The Company runs all business processes on SAP system. This helps in ensuring internal control over various functions and locations. The processes are regularly reviewed and updated in order to mitigate risks, and improve efficiencies.

The Company has also identified entity level controls for the organisation, covering integrity and ethical values, adequacy of audit and control mechanisms and effectiveness of internal and external communication, thereby strengthening the internal controls systems and processes with clear documentation on key control points.

The Company identifies and evaluates multiple risk factors and makes appropriate mitigation plans associated with the same in detail. Some of the key risks for the business are set out below.

Un-favourable Climatic Conditions

Timing, quantum and distribution of rainfall, temperature / humidity levels, etc. play a crucial role in the agri-input business. Any significant changes in normal climatic conditions may affect the performance of the business. The weather can also affect pest infestations and the demand and product mix for crop protection products.

Your Company continues to work on expanding its product portfolio and geographic presence in order to minimize the impact of such vagaries.

Input availability and price volatility

Significant variations in the cost as well as availability of raw materials and energy may impact our operating results.

Where ever feasible, the Company enters into long term contracts with volume commitments and end product prices which are linked to key input material prices to mitigate risks.

Foreign Currency and Interest Rate Exposures

The global financial volatility, as experienced in recent years, also have their impact on the Indian economy, which in turn impacts the movement of exchange rates. Foreign currency exposures on account of global operations, international revenues, imports and foreign currency debt could impact the financial results of the Company. Besides, increasing interest rates may impact the profitability of the Company adversely.

To mitigate foreign currency related risks, the Company has adopted a policy, which aligns it with external environment and business exigencies. A quarterly update on foreign exchange exposures and outstanding forward contracts is in place regularly reviewed by the Company's Board for appropriate guidance and action.

Acquire and Retain Talent

Skilled and talented manpower is a very important resource and enabler for the Company to achieve its growth plans and maintain its competitiveness. In case the Company fails to hire and retain sufficient numbers of qualified and experienced personnel, its operating results and financial condition could be impacted.

To execute its growth and diversification plans, while the Company continues to hire new, highly-skilled scientific and technical personnel, it has also introduced a Rewards and Recognition policy for effective employee engagement and incentivization. The ESOP scheme is one such important step in this direction.

The Company also continues to focus on regular training programmes and providing opportunities for professional growth to retain and attract talent.

Protecting Intellectual Property Rights

Your Company's success is greatly dependent on its ability to obtain and protect IPRs and operate without infringing the same. Our competitors may bring in products and/or processes that compete with those we are developing / deal in, which may impact our ability to do business / market share in a particular segment / geography.

The Company is privy to trade secrets, know-how and other proprietary information and has built a culture in the organization of respecting and safeguarding intellectual property. We also ensure that our employees, vendors and suppliers execute appropriate confidentiality agreements. In addition, comprehensive business processes and policies have been instituted to safeguard confidentiality aspects.

Environment, Health and Safety Risks

Compliance with stringent emission standards for manufacturing facilities and other environmental regulations are critical for the business. R&D and manufacturing of products involve hazardous chemicals, processes and by-products and are subjected to stringent regulations. The environmental laws and regulations in the jurisdictions where the Company operates, may become more restrictive and may be enforced even more strictly in the future. Customer requirements related to the quality and safety of products will also continue to increase.

In anticipation of such requirements, the Company has invested substantial resources to proactively adopt and implement manufacturing processes to increase adherence to environmental quality standards and enhance industrial safety levels, and accreditations under ISO: 14001, ISO 18001 and ISO 17025 and these support the Company's efforts.

Third Party Liability Risks

The Company's business inherently exposes it to potential liability from its customers or end users for defects in products and services.

The Company carries product liability insurance program with respect to its major manufactured products, which provides a compensating safeguard against such risks, if they were to materialise.

4. CORPORATE SOCIAL RESPONSIBILITIES (CSR)



The company stands committed to its responsibility towards the society and our goal is to ensure that our economic growth is socially and environmentally sustainable. In our business efforts towards inclusive development, we have instituted a Corporate Social Responsibility (CSR) policy that creates value for society and our company.

An essential component of PI's corporate responsibility is to care for the community. Your Company endeavors to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives.

In order to actively and effectively pursue the above vision, your Company has formed a trust named "PI Foundation" which shall drive Company's CSR initiatives during the year.

During the year under review, following are some of the initiatives taken by the Company towards this objective:

Rice Clinics



Your Company along with CABI has set up a network of plant “Clinics” in the Uttar Pradesh region of India to help rural farming communities diagnose and treat weeds, pests and diseases which can destroy upto 60% of the rice crop. CABI (Centre for Agricultural Bioscience International) is a not-for-profit science-based development and information organization with nine centres worldwide.

The farmers are being trained to adopt Direct Rice Seeding method of cultivation instead of transplanted rice. This saves a huge amount of water—a precious resource, and labour costs to the farmers.

The “Clinic Doctors” are skilling the farmers in the right cultivation and plant protection techniques.

Through these Plant clinics, your Company and CABI are also enabling rice farmers to adopt modern scientific crop technology and practices.

Village Adoption:

The Dungarpur Distt. of Rajasthan is one of India’s most backward districts.

Your Company has been actively working in several of its villages to help the farmers improve their maize, gram and wheat yields.

With the active support of the Rajasthan State Seed Corp., and the Govt’s Agriculture Extension Department, the Company has undertaken many demonstrations and farmer meetings over the past 5 years.

The focus of this initiative is on capacity building for increasing their crop production. It is heartening to see that the farmers covered under the programme have obtained between 30%to50% increase in their yields and have been able to convert then learning to practice.



Capacity Building:

NEFORD (Nand Educational Foundation for Rural Development), (Registered under Indian Societies Act, 1860, is a not-for-profit organization committed to transforming the quality of life of the rural poor and under privileged in the Eastern part of Uttar Pradesh. Under the NEFORD Agriculture Development Program, your Company is working with the organization for the dissemination of appropriate technologies in rice cultivation and imparting free of cost training to the extension workers of the NEFORS, supporting the farmers fairs and helping grow Direct Seeded Rice more profitably.

CSR around the Manufacturing Site at Panoli, Gujarat;

- Regular donation to Ankleshwar Industrial Development Society which runs welfare facilities like Schools, sports complex etc.
- Green Belt development around the Company's premises and nearby villages and also distributing trees and tree guards in nearby villages, to various Government and Non Government Organizations.
- Developmental work in nearby villages for improving/ creating roads, street lights etc.
- Providing Industrial training in discipline of Management, Engineering, Safety and Environment and organizing group visits of students.
- Co-Sponsored Ankleshwar Walkathon 2012 organized by Ankleshwar Rotary Club for the noble cause to make the Ankleshwar pollution free & green environment.
- Participated in Blood Donation camp organized by Panoli Industrial Association & Notified Area Authority, Panoli at Kharod Hospital and more than 100 employees donated their blood
- Donated to Taluka Panchayat, Jambusar for Organization of "Chhalo Taluka" Program of Govt. of Gujarat
- Donated to Ankleshwar Industrial Development Society for Mobile Education Van Project.

CSR in Udaipur Region, Rajasthan;

- Regular Medical Checkup camps in nearby villages with a Mobile Medical Van, distribution of books/study material, course books in schools of nearby villages.
- Funding a school for deaf and dumb, and has assisted in the setting up of a school where children of the economically weaker sections of the society are taught.
- Donations to M/s. Singhal Foundation along with the other associated companies. The Foundation supports activities in the area of health care and medicines, environment, sports, education and cultural activities.



5. HUMAN RESOURCES AND INDUSTRIAL RELATION

Your Company believes that people perform to the best of their abilities if they feel truly connected to the organisation. We are therefore committed to creating an inclusive environment – one that is progressive, flexible and values the individual contributions of each of our employees. We are proud to have a culture that brings out the best in individuals and encourages them to pursue excellence. Your Company proactively works to inculcate the vision, mission, values and organizational culture in all its employees.

Company's performance driven culture is calibrated through rigorous processes and is geared to reward high performing individuals and teams to achieve challenging and stretched targets. Rewards can take many forms, from competitive salaries, traditional benefits, performance linked pay to internal recognition for superior performance. We believe that acknowledging our top performers through preparing them for higher role and giving them additional responsibilities will help retain our employees and position them, and our Company for future success.

During the year, the Company has organized training programs for various categories of employees in different areas such as technical, behavioral, Customer orientation, Safety, Code of Ethics, Product Training and others. We nurture internal talent by providing opportunities of growth by way of lateral movement, job rotation, role enlargement, global opportunities etc. Apart from this, various initiatives are taken up in area of 'Employee Engagement' and 'Learning and Development.'

Talented professionals are our most vital resource besides cutting edge technology. To execute our growth and diversification plans, we continue to hire new, highly-skilled scientific, technical and managerial personnel. We recruit young graduates and postgraduates from leading Engineering, Agriculture & Business Schools e.g. IIM, XLRI, IIT, and ISB etc. A well-structured development program focused and aligned to business needs is in place for these new hires to groom them into tomorrow's leaders.

The industrial relations situation was cordial and harmonious during the year and continues to be so.

As on 31st March 2012, the employee strength of PI was 1142.

CAUTIONARY STATEMENT

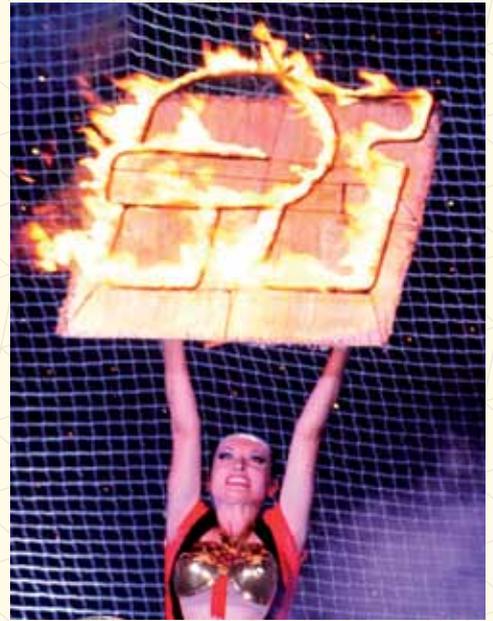
Statements in this Report on "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectation or predictions may have "forward looking statements" within the meaning of applicable securities laws and regulations. Actual performance may differ substantially and materially, from those expressed or implied. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook.



EXCELLENCE TOGETHER, ACCELERATES
XXCELLERATE
 — THE ANNUAL MEET 2012 —

- PERFECT PLANNING**
- SEAMLESS COORDINATION**
- EXTRAORDINARY RESULTS**

The Annual Meet 2012 marked the celebration of a new milestone for PI – the achievement of 1000 crore turnover, in the financial year 2011-2012. The theme of the meet was titled 'XXcellerate', (Excellence Together Accelerates) and held at 'The Sheraton Hotel' in Udaipur. The décor of the hotel, inspired by football, lent an aura of fortitude and enthusiasm that typically serves the dynamic game.



Karaoke Nights



Other highlights included a spell-binding Fire & Acrobat show. Evenings lit up with Karaoke & a buzzing dance floor.



Long Service Awards



Team Building through Soccer



At the event, team PI was recognised for their marvelous and extraordinary performance through various awards.



Best Team Awards



Xcellerate

The Conference Days showcased the Business Vision and future plans of PI with its people. A speech by an inspiring Mr. Shiv Khera –author, educator and corporate trainer–helped people unlock their true potential and gain a winner's edge. Mr. Minocher Patel, who tops the list of Indian corporate trainers, known for his unique delivery style and energetic persona, added a gleam to the Annual Meet. He trained the members of PI on business etiquette, leadership and communication skills.



A session by Minocher Patel





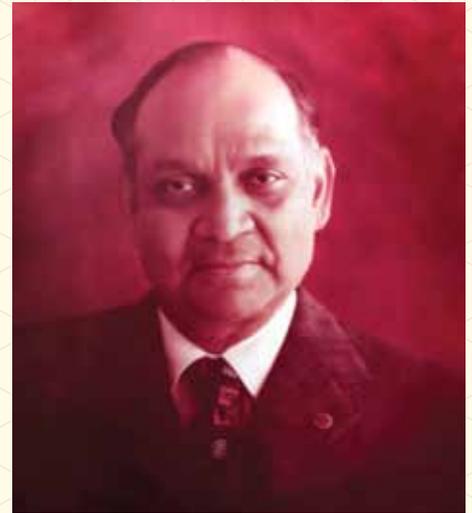
Shiv Khera - Driving the team to set benchmarks

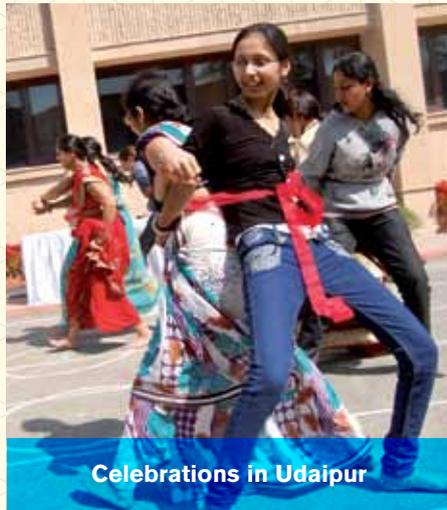


Founder's Day 2012

Late Shri PP Singhal (13/02/1920 – 04/07/1979) is the founding father of the Singhal group of companies. Born in Allahabad, Shri Singhal decided to serve his brethrens of the land of Maharana Pratap by starting the erstwhile Mewar Oil Mills in this tribal belt of Udaipur in the year 1951. Just after 10 years, in 1961 the company was converted to a Pesticide manufacturing company. Very little was known about pesticides back then, not only in Rajasthan but in India itself. To pay homage to their father, the Singhal brothers celebrate Founder's Day every year on 13th February by arranging festivities for the employees of the group companies.

This year PI's Founder's Day celebrations took place at various locations for different branches of the company with zeal. At Udaipur, the team upright with gratitude for the founder began celebrations at the PI factory premises by paying homage to the founder. Employees were entertained with various cultural activities and sports. A superhit comedy play, 'Krishan vs Kanhaiya' performed by the versatile Paresh Rawal and his team enthralled the entire audience in the evening. The Gurgaon employees along with their families celebrated by participating in adventurous activities like white water rafting and rock climbing in Rishikesh. At Panoli, a balloon imprinted with the PI insignia and the words 'Founder's Day' was released in the sky, which represented the ever positive spirit of PI employees.





Celebrations in Udaipur



Paresh Rawal performing his superhit comedy -
Krishan vs. Kanhaiya



PI Gurgaon rafting in Rishikesh



PI Activities

For the 1st time in Ankleshwar, a Walkathon was organized in March 2012 with the aegis of Rotary Club and Industrial Associations, along with support of other organizations and social institutions. PI Industries were Co-sponsors' for the same. The walk was organized for a noble cause of making Ankleshwar pollution free and realizing the dream of a new bridge over Narmada river. The PI employees actively participated in the 3 Km and 6 Km Walkathons, held at GIDC – Ankleshwar, Gujarat.



PI Industries celebrated 41st National Safety Week this year with the active participation of employees at all levels in Panoli. The Opening ceremony of the National Safety Week started with Safety Badge distribution and employees and contractors taking Safety Pledge. The exhibition of Safety and Fire extinguishing appliances was opened for all to see and learn.



Panoli, Safety Week



Safety Training Sessions



A contest on wearing and operating SCBA Set was organised where more than 50 employees participated, many of the employees also participated in the Fire-extinguisher operation competition. A class room session on Fire Hydrant systems was also arranged for the employees, to train them for any emergencies. On the last day a plant safety inspection was carried out by Safety Committee members.



A drawing contest for children of employees was organized at Panoli. More than 50 children participated across three age groups (Groups A: 3 to 5 years, Group B: 5 to 9 years and Group C: 9 to 12 years). Winners were awarded and encouraged by the management, and the initiative was highly appreciated by the parents and children who were happy to participate and showcase their talent.



Art Competition for all PI kids

AWARDS AND RECOGNITION



PI Industries was acknowledged as an Indian PowerBrand along with Corporate Leader of the Year award. PI Industries was given Power Brand status from amongst the top 81 biggest and most



successful brands and companies comprising countries' most inspirational brands that have fortified and engrained their presence in the hearts and minds of the Indian consumers.



GLP Inspection carried out at PI Industries R & D Centre, Udaipur in the area of 'Physical - Chemical Testing' confirmed that the test facility is capable of conducting test in compliance with OECD Principles of Good Laboratory Practice (GLP) and norms, as adopted by the National GLP Compliance Monitoring Authority.



During the Journey towards Operations Excellence, PI Industries achieved different milestones like ISO 9001, ISO 14001, OHSAS 18001, Energy Conservation Award, Industrial Green Chemistry Award, NABL Certification etc. To take the Operations Excellence journey to next step, PI decided to implement the "Total Productive Maintenance" (TPM) to bring the culture of Autonomous Maintenance, Planned Maintenance, develop more participatory approach & Employee Involvement through Daily Management Teams.



Bayer Crop Science India' awarded the certificate of Excellence to PI Industries Ltd. in Supplier Sustainability Program 2011 for their excellent Systems & practices of environment Management, Base Management, Manufacturing practices, Legal Systems, Health, Safety and Environment Management.

NOTICE

Notice is hereby given that Annual General Meeting of PI Industries Limited will be held on Friday September 14, 2012 at 11.30 A.M. at Udaisagar Road, Udaipur - 313 001 Rajasthan to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss Account for the year ended March 31, 2012 and the Balance Sheet as at that date, together with the Reports, of the Board of Directors and the Auditors thereon.
2. To confirm Interim dividend and declare final dividend on Equity Shares for the year ended March 31, 2012.
3. To declare pro-rata dividend on Non- Cumulative Compulsorily Convertible Preference shares (CCPS) for the year ended March 31, 2012.
4. To appoint a Director in place of Shri Raj Kaul, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Rahul Raisurana, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s S.S. Kothari & Co, Chartered Accountants as Statutory Auditors to hold office till the conclusion of next Annual General Meeting and to authorise Board of Directors to fix their remuneration.

NOTES

1. M/s B.D. Gargeiya & Co., Chartered Accountants hold their office till the conclusion of Annual General Meeting to be held on September 14, 2012. The Company has received letter from them wherein they have expressed their inability for reappointment and accordingly the Board of Directors on the basis of recommendation received from Audit Committee recommends the appointment of M/s S.S. Kothari Mehta & Co., Chartered Accountants as Auditors of the Company to hold office till the conclusion of next Annual General Meeting.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST REACH TO THE COMPANY AT UDAISAGAR ROAD, UDAIPUR – 313 001 RAJASTHAN NOT LESS THAN FOURTY EIGHT HOURS BEFORE THE MEETING.**
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and the Share Transfer Books of the company shall remain closed from September 07, 2012 to September 14, 2012 (both days inclusive).
5. Interim Dividend at the rate of Rs. 2.00 per share (40%) on equity share capital of the Company was paid to members whose names appeared on the Register of Members as on the Record date i.e 18th November 2011.
6. Final Dividend on equity shares, as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid on or before October 13, 2012 to the Members whose names appear on the Company's Register of Members on September 14, 2012. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of the shares whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Ltd as at the close of the business hours on September 06, 2012
7. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrars and Transfer Agent, M/s Karvy Computershare Private Limited (Unit: PI Industries Ltd.) at 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.

8. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change in the bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the Members.
9. Pursuant to provisions of section 205-A and 205-C of the Companies Act, 1956, the amount of dividend remaining or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund. Members shall not be able to claim any unpaid dividend from the said fund or the Company thereafter. Members who have not encashed the dividend warrants for the year 2004-05 onwards are requested to contact the Registrars and Transfer Agent or Registered Office of the Company at the earliest.
10. Members can avail the facility of nomination in respect of shares held by them by sending their nomination in the prescribed Form No.2B duly filled in to the Company's Registrars and Transfer Agent at the address as stated in Note No.7 above.
11. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorized Depository Participant and arrange for dematerializing their Shareholdings in the Company.
12. Members are requested to bring their copy of Annual Report to the Meeting. In case the members have any queries related to accounts, same may be forwarded to the Company so as to reach atleast 10 days before the Annual General Meeting.
13. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchange, of persons seeking appointment/re-appointment as Directors under Item Nos.4 & 5 of the Notice are also annexed.
14. The Ministry of Company Affairs (MCA) has undertaken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode, vide its Circular No. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011, respectively. A recent amendment to the Listing Agreement with the Stock Exchanges permits Companies to send soft copies of the Annual Report to all those shareholders who have registered their email address with the company. Members are requested to support this Green Initiative by registering/updating their e-mail address for receiving electronic communications.

By Order of the Board of Directors of PI Industries Ltd.

Date: 29.05.2012

Sd/-

Naresh Kapoor
Company Secretary

Registered Office
Udaisagar Road,
Udaipur - 313 001 (Raj.)

Details of Directors seeking reappointment at the Annual General Meeting

Name of Director	Mr Raj Kaul	Mr Rahul Raisurana
Date of Birth	30th October, 1942	15 May 1969
Date of Appointment	18th January, 2008	24th October, 2009
Expertise in specific functional area	Wide experience in global crop protection business and M&A transactions in the areas of agro-chemicals, bio-technology etc.	Financial Management, Banking, Risk Management and corporate advisory
Qualification	B.Sc (Engg) Hons. and Diploma in Business Administration	Master's degree in International Management from Thunderbird School of Global Management, USA and a Master's degree in Business Administration from Graduate School of Management, Clark University, USA
No of equity shares held in the Company	Nil	Nil
List of other companies in which directorships are held (excluding foreign companies & section 25 companies)	Nil	a) Bush Foods Overseas Pvt. Ltd. b) Man Infraconstruction Limited c) Privi Organics Limited d)Innoventive Industries Ltd
List of all committees of Board of Directors(across all companies)in which Chairmanship/membership is held (includes only Audit Committee and Shareholders'/Investors Grievance Committee	Nil	Audit Committee - Member 1. Man Infraconstruction Limited 2. PI Industries Limited 3. Privi Organics Limited

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present the Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2012:

1. FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	FY 2011-12	FY 2010-11
Gross Sales & Other Operating Income	1000.84	836.07
Excise Duty	45.94	46.19
Discount	77.81	71.55
Net Sales	877.09	718.33
Other Income	5.19	10.5
Profit before Interest, Depreciation, Tax & Exception items	146.26	124.02
Interest	20.11	18.6
Depreciation	17.11	15.59
Profit Before Tax & Exceptional items	109.04	89.83
Exceptional Items	30.34	-
Current Tax including tax on capital gain	38.70	20.42
Deferred Tax	0.14	5.29
Profit After Tax	100.54	64.12
Balance of profit brought forward from previous year	133.25	81.38
Appropriations		
Interim Dividend on Equity Shares	5.01	-
Income Tax on Interim Dividend	0.81	-
Transfer to general Reserve	10.05	6.41
Proposed Final Dividend on Equity Shares	7.51	5.01
Income Tax on Final Dividend proposed on Equity shares	1.22	0.83
Balance Profit / (-) Loss carried forward	209.18	133.25

The Company has achieved new milestones in the Year 2011-12 by crossing Rs. 1000 Cr of gross revenue and Rs. 100 crore of Profit after Tax (PAT).

The net sales for the year grew by 22% over the previous year. Since the polymer compounding business was divested in April 2011, the actual comparable topline growth in the Company's existing businesses for the year has been 36% YoY.

The operating profit of the Company grew by 19% YoY to Rs. 146.26 Crore; an increase of 22.24 Crore YoY. The operating profit was impacted by volatility of INR/USD exchange rate and its impact in current year was a loss of Rs. 4.48 Cr against gain of Rs. 7.35 Cr during the previous year.

The Net Profit on stand alone basis (Including exceptional items) grew by 57% to Rs. 100.54 Crore for the year ended 31st March, 2012 from Rs. 64.12 Crore in the previous year. Net profit margin increased to 11.4% during the year under review from 8.9% in the previous year.

The Company's net profit on a consolidated basis (Including exceptional items) increased to Rs 103.59 Crores during the year as compared to Rs. 65.10 Crores in the previous year, a growth of 59% YoY.

The earnings per share (EPS) for the year stood at Rs. 40.27 per share an increase of 40% compared to Rs. 28.76 per share for the previous year.

2. OPERATIONS

Your company's Domestic Agri Input Business once again outperformed the industry by growing at 22% YoY. The strong performance was mainly driven by sales growth of newly launched in-licensed products, expansion of the distribution channel network and inclusion of products in the portfolio to give complete crop solutions in the Company's targeted crop areas. Meticulous planning, proactive sales promotion on select crops, regular monitoring of crop acreages and pest infestation and the hard work of the marketing team were the key to success.

The growth in the domestic agri input business was achieved despite several challenges during the year for the Agri input industry in general and plant protection industry in particular. These challenges included increasing costs of production due to higher input costs (fertilizers, manpower, fuel etc) and the inability of the farmers to realize Minimum Support Prices (MSP) in many parts of the country affected the crop economics for farmers. Factors such as change in subsidy system on fertilizers, export restrictions on leading crops, crop holidays in certain areas, unfavorable rains for crops such as pulses and soybean had an impact on the farmers' investment in plant protection chemicals and hence the agro-chem industry.

The quantum and distribution of rainfall, particularly in the 2nd crop season, was also not very helpful to the farmers and to the agri input industry. Though the South West monsoon was normal for most parts of the country (102 % of its LPA), the North East monsoon was significantly lower than the normal rainfall (52 % of LPA) and the distribution was also scanty which affected the crop acreages and yields in some parts of the country.

This financial year also saw the steep rise in energy and transportation costs, sudden fluctuations in foreign currency rates and raw material price increases.

The International Custom Synthesis & Manufacturing business registered a robust -62% growth in sales YoY. The growth was mainly driven by the scale-up of already commercialized products and commercialization of some new products. Since most of these products are at early stage of their life cycle, they auger a good future growth of the Company. During the year, some more high growth potential products were added to the R&D and process research pipeline of your Company.

The efforts of your team have started bearing results, and we hope to continue with the momentum of growth during the current year as well. Your team is continuing to work in the diverse areas of applications leading to balanced portfolio of products. The business continues to have several long-term orders and a robust and high potential order book position for the coming years.

Introduction of New Products

For the third consecutive year, NOMINEE GOLD continued to be the growth driver and a sought after solution for weeds by the rice growers. Your Company could successfully enlarge the use of NOMINEE GOLD, the rice herbicide, which is expected to be a key enabler for rice productivity enhancement. The Company is also working to promote the concept of direct seeded rice against the present practice of transplanted rice. This is expected to save a huge amount of water and labour costs to the farmer.

As a part of its strategy to provide complete crop solutions, your Company successfully introduced two broad spectrum modern fungicides: CLUTCH and SANIPEB, one wheat herbicide: WICKET and a broad spectrum Insecticide: OVAL.

During the period under review, your Company also reached the penultimate stages of registration approval for two new broad spectrum insecticides. Both these molecules are expected to be launched in the domestic market in the year 2012-13. Your Company continues its quest for new molecules and has signed 6 new agreements with their patent holders in insecticide / herbicide / fungicide segments to evaluate their potential in the domestic market. These products further add to the Company's product pipeline and strengthen our product portfolio for the coming years.

Research & Development

Your Company's research collaboration with M/s Sony Corporation of Japan continues to perform ably and supports the development of commercial processes in the areas of electronic chemicals.

The Research and Development team continues to work on new areas of fine chemical business and have successfully carried out synthesis and scale-up for several new molecules in the area of agrochemicals, pharmaceutical intermediates and imaging chemicals. As a result of this, three new patented products shall get commercialized in financial year 2012-13 adding to our growth in the custom synthesis business.

Process improvement projects were undertaken for improving product quality and productivity of the manufacturing processes. Environment, Health and Safety (EHS) considerations were given the usual special emphasis in the process development work.

R&D facility receives GLP Certification

During the year under review, the Company's R&D facility at Udaipur was accredited for 'Good Laboratory Practices (GLP) and Norms on OECD Principles' by National GLP Monitoring Authority (NGCMA), Government of India' in the field of Physical - Chemical Testing. This has indeed been an outstanding accomplishment for the Company.

This GLP certification follows the grant of full membership to India as an OECD member country. Hence, the physical / chemistry related data generated in Company's GLP accredited lab would now be acceptable by the registration authorities (agrochemicals/pharma etc.) in all the OECD countries such as USA, Europe, Japan etc.

The GLP certification meets PI's strategy to provide comprehensive solutions under one roof and broadens its portfolio of custom synthesis and manufacturing solutions to cover chemical process research, molecule development, analytical method development, synthesis of high purity / impurities of chemical entities for analytical reference standards, 5 batch analyses under GLP conditions, scale up studies, process / plant engineering and commercial scale production.

Construction of New Manufacturing Site

Given the need for additional capacity to meet the growing order book position in our custom synthesis business, the Company has made good progress in the construction of the new manufacturing site at Jambusar (Gujarat). The facility is expected to start commercial production from the 3rd quarter of the present financial year. Your Company has set up this plant in the SEZ area, which offers various tax benefits and ease of operations.

Conferred with PowerBrands status

In the Indian Powerbrands Conclave held in, London, UK on December 12, 2011, your Company was given 'Power Brand' status from amongst 81 large and really successful brands and companies featured in the book which is considered a brand bible comprising the country's most inspirational brands. Mr. Salil Singhal, Chairman and Managing Director was also honoured with the prestigious 'Corporate Leader Of the Year - Agriculture'.

Indian PowerBrands: The Global Superpower Edition is a research driven anthology of India's Most Powerful Companies, which are successfully taking on competitors in their own unique ways. This book is a one of its kind initiative exemplifying the Indian-born icons who have emerged as the ultimate benchmark of achievement and success and are aggressively and effectively re-writing the global business equations.

3. DIVIDEND

The Board of Directors had declared an interim dividend of Rs.2/- per share (40%) on the Equity Shares of the Company, in November, 2011. The Directors are pleased to recommend a final dividend of Rs. 3/- per share (60%) on the Equity Shares. This will take the total dividend for the year to Rs. 5/- per share (100 %) on the equity share capital of the Company.

Subject to the approval at the ensuing Annual General Meeting, the dividend will be paid to those shareholders whose names appear on the register of members of the Company as on September 14, 2012.

4. CONVERSION OF COMPULSORILY CONVERTIBLE PREFERENCE SHARES

- a) During the year, the Company has completed the conversion of Compulsorily Convertible Preference Shares (CCPS) as follows:
- Issuance of 1,55,829 Equity Shares of Rs.10/- each at premium of Rs. 249.90 upon conversion of 405000 Convertible Preference Shares of Rs.100/- each allotted to M/s Standard Chartered Private Equity (Mauritius) Ltd.
 - Issuance of 1,55,829 Equity Shares of Rs.10/- each at premium of Rs. 249.90 upon conversion of 405000 Convertible Preference Shares of Rs.100/- each allotted to M/s Standard Chartered Private Equity (Mauritius) II Ltd.
- b) Further, company has also redeemed Optionally Convertible Debentures (OCD's) as follows:
- Issuance of 10,25,030 Equity Shares of Rs.10/- each at premium of Rs. 249.90 upon conversion of 26,64,053 Optionally Convertible Debentures (OCD's) of Rs.100/- each allotted to M/s Standard Chartered Investments and Loans (India) Ltd. Balance 275947 OCD's were redeemed in cash.
 - Pursuant to above conversion, the paid up equity share capital of the Company increased from Rs. 11,18,75,010/- comprising of 11187501 equity shares of Rs. 10/- each to Rs. 1,25,24,18,900/- comprising of 1,25,24,189 equity shares of Rs. 10/- each and were duly listed on the stock exchanges.

5. STOCK SPLIT

In order to improve liquidity of Company's shares at the stock exchanges and also make it more affordable to small shareholders', the board of directors decided to split the equity shares of the company of Rs.10/- each into 2 equity shares of Re.5/- each.

The proposal was approved by the members of the Company by resolution passed by them at the last Annual General Meeting held on July 16, 2011. The new share certificates of Re.5/- each were issued to the shareholders in the month of August, 2011 in respect of those who were holding shares in physical form and were credited to the beneficiary accounts of those holding shares in electronic form on August 19, 2011 which was fixed as record date for aforesaid corporate action.

Based on the stock split of equity shares @ Rs.5/- each in August, 2011, the paid up capital remains at Rs.12,52,41,890/- comprising of 2,50,48,378 shares.

6. LISTING AT NATIONAL STOCK EXCHANGE

The company's equity shares got listed at National Stock Exchange w.e.f June 15, 2011, which provides the opportunity to the company's shareholders to trade company's equity at one more leading stock exchange of India. It also results in overall increase in the trading volumes of the Company's share at the stock exchanges.

7. DEPOSITS

The Company has accepted deposits as per the Rules and none of the deposits which were due for payment remain unclaimed / unpaid to depositors on 31st March, 2012.

8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Unclaimed Dividend remaining unclaimed and unpaid for more than 7 years, have been transferred to the Investor Education and Protection Fund.

9. DIRECTORS

At the ensuing Annual General Meeting, Mr. Raj Kaul and Mr. Rahul Raisurana, retire by rotation as Directors and being eligible, offer themselves for re-appointment in terms of provisions of Articles of Association of the Company.

The Board recommends their re-appointment for your approval.

The brief resume/details relating to the Directors who are to be appointed/re-appointed are furnished in to the notice for Annual General Meeting to be held on September 14, 2012 which forms part of the Annual Report.

10. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, in relation to Directors' Responsibility Statement, your Directors confirm as under:

- (i) In the preparation of the Annual Accounts for the year ended on March 31, 2012, the applicable accounting standards have been followed by the Company;
- (ii) Appropriate accounting policies have been selected and applied consistently, and have 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, 2012 and of the profit for the year ended March 31, 2012.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Annual Accounts are prepared on a going concern basis.

11. SUBSIDIARY COMPANIES

The Company has three wholly owned subsidiary companies as on March 31, 2012. The members may refer to the Statement under section 212 of the Companies Act, 1956 information on the financials of subsidiaries appended to the above statement under section 212 of the Companies Act, 1956 in this Annual Report for detailed information on these subsidiary companies. The key highlights of these subsidiary companies are as under:

(1) PI Life Science Research Ltd. (PILSR):

During the year the Company has posted a profit of Rs. 131.62 Lacs, which was earned on account of various R&D activities for developing new products.

(2) PI Japan Company Ltd.

The Company posted a profit of JPY 15.34 Lacs (Approx. Rs. 9.27 Lacs) during the year.

Due to the size of operations and local laws, the annual accounts of this company are not required to be audited. The same have been certified by the Management of the Company.

(3) PILL Finance and Investments Ltd. (PILL-F):

The Company has posted a profit of Rs. 157.07 Lacs during the year.

12. SALE OF POLYMER COMPOUNDING BUSINESS UNDERTAKING OF THE COMPANY

During the year, the Company concluded the transaction of sale of its polymer compounding business to the M/s Rhodia Polymer & Specialties India Pvt. Ltd., a wholly owned Indian Subsidiary of Rhodia S.A. on April 14, 2011 on slump sale basis.

13. AUDITORS

The Joint Statutory Auditors of the Company, M/s B.D. Gargieya & Co., Chartered Accountants and M/s S.S. Kothari Mehta & Co., Chartered Accountants; retire at the ensuing Annual General Meeting. M/s S.S. Kothari & Co., Chartered Accountants have given a certificate that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. However, M/s B.D. Gargieya & Co, Chartered Accountants have expressed their inability for reappointment at forthcoming Annual General Meeting and they shall continue to be statutory auditors till the conclusion of forthcoming Annual General Meeting.

The Audit Committee and the Board of Directors recommend the appointment of M/s S.S. Kothari Mehta & Co., Chartered Accountants as Statutory Auditors of the Company to hold office till the conclusion of next Annual General Meeting.

14. COST AUDITORS

Pursuant to the directives issued by the Central Government, an audit of the cost records relating to Insecticides (Technical Grade and Formulations) manufactured by the Company is required to be conducted by an auditor with the requisite qualifications as prescribed under section 233B of the Companies Act, 1956.

Your Board has proposed to appoint M/s K.G. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors based on the recommendation of the Audit Committee for the conduct of the audit of cost records of Insecticides (Technical Grade and Formulations) and Chemicals for the year ending March 31, 2013 and necessary applications shall be filed with Ministry of Ministry of Corporate Affairs under section 233B for seeking Central Government approval for their appointment.

15. SECRETARIAL AUDIT

As desired by Securities and Exchange Board of India (SEBI), secretarial audit is being carried out at specified period by Practicing Company Secretary. The findings of the secretarial audit were entirely satisfactory.

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

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure - A.

17. EMPLOYEES

During 2011-12, your Company continued to have excellent cordial relationships with all its employees at all units. The Company is proud to see their commitment towards their responsibilities. They have made invaluable contribution in the growth of the Company.

The company recognizes the importance of human capital and enrichment of professional and technical skills is an ongoing process within the organization.

Total workforce of the Company stood at 1142 as on March 31, 2012.

The information required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is provided in the Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company.

18.EMPLOYEE STOCK OPTION PLAN/SCHEME

The Company had formed a Stock Option Plan named "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 21st January, 2011 and is administered through independent trust. During the year, the Compensation Committee of the Board granted 3,63,836 options under PII-ESOP 2010 Scheme to certain category of employees as per the criteria laid down by Compensation Committee of the Board. The aforesaid options shall vest after a lock in period of one year from the date of grant. The vesting period of aforesaid options varies from 1 to 6 years depending upon the percentage of vesting of options as per the criteria laid down. The Exercise price of options granted have been arrived at by giving discount to the closing market price of the equity share on Bombay Stock Exchange one day prior to the date of grant of option.

No employee has been issued share options, during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

The details as required under Regulation 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure B and form part of this Report.

19. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and Analysis is provided separately in this Annual Report.

20. CORPORATE GOVERNANCE

The Company is proud of 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 clause 49 of the Listing Agreement are given in a separate section in this Annual Report.

21. INTERNAL CONTROL SYSTEM

The Company's internal control system comprises audit and compliance by in-house internal audit team supplemented by internal audit checks by M/s Protiviti Consulting Pvt. Ltd, Internal Auditors of the Company. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the financial transactions and review various business processes. Independence of the Internal Auditors and therefore compliance is ensured by the direct report of internal audit division and internal auditors to the Audit Committee of the Board.

22. ACKNOWLEDGMENTS

Our Directors wish to express their grateful appreciation for the valuable support and cooperation received from bankers, business associates, lenders, financial institutions, shareholders, various departments of Governments of India, Rajasthan, Gujarat and Jammu and Kashmir, 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 for the support and confidence reposed by them in the organization and looks forward to the continuance of this supportive relationship in future.

Your Directors also place on record, their appreciation for the contribution and hard work of employees of the Company and its subsidiaries at all levels, who, through their competence, hard work, solidarity and commitment have enabled the Company to achieve consistent growth.

On behalf of the Board of Directors

Sd/-

(Salil Singhal)

Chairman and Managing Director

Place: Gurgaon
Date: 29.05.2012

ANNEXURE TO THE DIRECTOR'S REPORT

Annexure-A

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' Report for the year ended March 31, 2012.

FORM-A

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken:

Energy conservation and management continued to be key area for all the manufacturing units of the Company. Regular monitoring of energy generation, distribution and consumption trends were carried out for effective control on utilization of energy.

The Company is committed to improve Energy Performance on a continuous Basis by looking at new options / Innovations in the field of Electrical and Thermal Energy.

For the year 2011-12, we have implemented following major energy reduction measures as a part of our ongoing commitment to energy conservation.

- Replacement of PHE by shell and tube types heat-exchangers in two nos chilled brine machine to restore its efficiency
- Replacement of old Vapor absorption machine for generating chilled water by by new machine for improvement in chilled water generation.
- 250 M³ Nitrogen plant is installed using screw compressor for getting better efficiency and trouble free N₂ supply to ensure productivity.
- Replacement of the evaporative type U tube condenser with shell and tube type condenser to increase the compressor efficiency.
- Wind driven eco-ventillators installed in ETP plant.
- High efficiency FRP cooling tower by providing true counter current flow installed for new -35 deg C Brine plant
- Installation of Energy efficient high efficiency agitators
- A new STP (Sewage Treatment plant) installed to convert amenities waste water as makeup water for cooling tower.
- One 100KL/day RO plant also installed for recycling utilities blow down water.

b. For the year 2012-13, Additional Investment and Proposal is being implemented for reduction of energy consumption:

- Installation of right size of header of brine circulation pump which will allow required flow & head in all user point
- Installation of 250 KL per day RO water plant for recycling of ETP water, resulting in to reduction of fresh water consumption and conservation of water.
- GEB load extension from existing 2000 KVA to 4000 KVA to reduce running hours of GG set
- Trimming of one Chilled water circulation pump to reduce the motor size
- One VFD to be installed in 60 nm³/hr nitrogen plant to cater the variable requirement of nitrogen.
- New lower capacity pump will be installed in -35°C brine plant to avoid running higher size pumps
- Installation of booster pump in process cooling tower to stop one 1000 M³/hr pump
- Installation of energy efficient LED lights.

c. Impact of the Measures at (a) and (b) for Reduction of Energy Consumption & consequent Impact on Cost of Production.

Measures stated above would result into substantial savings in power consumption and utility costs.

POWER AND FUEL CONSUMPTION

A. POWER AND FUEL

S.No.	Particulars	2011-12	2010-11
1	ELECTRICITY:		
	a. Purchased:		
	Units (Lacs/Kwh.)	96.06	101.15
	Total amount (Rs. in Lacs)	618.95	613.59
	Rate / Unit (Rs.)	6.44*	6.07*
	b. Own Generation through Diesel/ LDO/ Generator/Natural Gas		
	Unit (Lacs/Kwh)	276.97	225.30
	Unit Per Ltr. / HSD	3.08	2.81
	Unit / SCM Natural Gas	3.73	3.73
	c. Diesel Oil/Nat. Gas cost /Unit (only variable cost)	6.44	6.11
2	COAL:		
	Quantity (tones)	NA	NA
	Total Cost (Rs. in Lacs)	NA	NA
	Average Rate (Rs. /MT)	NA	NA
3	FURNACE OIL:		
	Quantity (Tonnes)	380.55	501.77
	Total Cost (Rs. in Lacs)	133.56	129.00
	Average Rate (Rs. /Kg)	35.10	25.71
4	NATURAL GAS:		
	Quantity (Lac SCM)	126.22	104.82
	Total Cost (Rs. in Lacs)	2862.09	1972.30
	Average rate (Rs. / SCM)	22.67	17.60

* Includes electricity duty.

B. CONSUMPTION PER UNIT OF PRODUCTION

Focused drives at all Units contributed to sustained energy consumption per unit of production, compared to that in the previous year. However, an increase in cost was observed because of steep increase in fuel costs. The consumption per unit of production also varies due to change in the product mix.

FORM B

1. TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas of research activities:

- Synthesis and Development of new molecules in the categories of Agrochemicals, Fine Chemicals, Specialty Chemicals and Photographic chemicals - end products as well as intermediates on the basis of in-house research.
- Development of pharmaceutical and other specialty chemical intermediates
- Development of new efficient routes for certain existing products.
- Improvement through recycling and reduction of waste by employing new techniques and methods.
- Continuous improvement of the processes already in commercial production through technical and engineering innovations.
- Development of process for new molecules at R&D scale for new chemical entities and providing support and services to develop new processes and scaling up for contract manufacturing.

- Development of non Patent infringing routes of synthesis and generating and protecting intellectual property for the Company and its clients.
- Synthesis and characterization of working standards of final products, intermediates and related substances.
- Technical collaboration with a leading Japanese University to develop compounds for new areas of application
- Addition of sophisticated lab equipments for carrying out R&D work.

2. Benefits derived as a result of above efforts through R & D

- Cost reduction along with quality improvement.
- Improvement in manufacturing processes for existing molecules and development of new molecules for export to the international market.
- Reduced Environmental hazards during operational activities.
- Partial and Complete replacement of hazardous and toxic reagents with less hazardous environment friendly substitutes.
- Generation of capability to value add and identify, develop and protect Intellectual Property for the Company and its business partners. This year we filed seven patent applications for new non patent infringing processes developed for various molecules
- Development of newer areas of application to provide suitable diversification from conventional areas of applications

3. Future Plan of Action

Your Company has created a state-of-the-art R & D center and pilot plant facility at Udaipur. The Company has been investing to augment its R & D capabilities and productivity through technological innovations, use of modern scientific techniques, training and development.

The thrust of our R& D will be to value add to all existing products we manufacture, to synthesize and manufacture molecules with increasing complexities involving more recent and novel chemistry and technologies, and prepare products with challenging specification requirements. These include not only pharmaceutically useful intermediates and products but also chemicals used for sensitive photo-imaging electronic uses, and others.

4. Expenditure on R & D

(Rs. in Lacs)

S.No.	Particulars	Current year (2011-12)	Previous year (2010-11)
a.	Capital	50.32	-
b.	Recurring	573.68	516.16
c.	Total	624.00	516.16
d.	Total R & D expenditure as percentage of total turnover	0.62	0.62

5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(A) Efforts, in brief, made towards technology absorption, adaptation and innovation

- Regular training programs for our scientists/ chemists/ technologists to equip themselves to cope with new scientific and technical challenges.
- Interaction with National Laboratories, IITs, CSIR Institutions and Universities for better up-gradation and co-ordination to develop new products and training of scientists whenever required.
- Interaction with R & D laboratories of MNCs for development of new molecules for technology transfer and at times, to improve their processes with the developments carried out at our R&D Centre.

- Extensive use of scientific search tools such as STN, SCIFINDER, CHEM-OFFICE ULTRA and other technically and scientifically useful search engines through internet to obtain latest information.
- Latest models of GC-Mass, HPLC-Mass, Preparative HPLC and ICP instruments are being used for spectral analysis and preparation of standards.
- 400 MHz NMR has been installed at R&D Centre, Udaipur.
- Ultra Performance Liquid Chromatography (UPLC) has been installed at R&D Centre, Udaipur

(B) Benefits derived

- Development of indigenous technology for cost reduction, use of environmentally useful synthetic routes, conservation of foreign exchange and to meet growing demand of agrochemicals, fine chemicals and specialty chemicals.
- Quality and cost reduction for better and newer products to withstand competition both within India as well as in the international market.
- Pollution abatement and odor control, adopting to the national norms and work towards protecting environment along with other industries.
- Knowledge and capability enhancement of R & D staff.
- R&D facility at Udaipur has been accredited for 'Good laboratory Practices (GLP).'

6. IMPORTED TECHNOLOGY

The company has not imported any technology during the year.

7. PI-SONY Research Centre

Company has completed one year of research collaboration with M/s Sony Corporation, named as PI-Sony Research Centre, Udaipur. This R&D Centre is engaged in developing commercially viable processes for various research / discovery molecules invented by Sony. The final applications of joint research are being studied in Sony Corporation's global Labs. The outcome of these researched chemicals would find use in futuristic products like flexible television, solar cells etc.

II. FOREIGN EXCHANGE EARNINGS AND OUT GO

Total Foreign Exchange used and earned	Rs. Crores	
	2011-12	2010-11
Foreign Exchange Earned	391.50	247.09
Outgo of Foreign Exchange	196.86	176.43

Annexure 'B'

Information required to be disclosed under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

A. Summary of Status of ESOPs Granted

The position of the existing schemes is summarized as under -

Sr. No.	Particulars	Details
1	Details of the Meeting	Authorised by the shareholders of the company on 21st January 2011
2	Approved*	1252418 shares
3	The Pricing Formula	Options shall be granted at a discount to the closing market price of shares on BSE one day prior to the date of grant
4	Total number of Options Granted*	363,836
5	Options Vested and Exercisable	0
6	Options Exercised during the year	0
7	Options Cancelled during the year	0
8	Options Lapsed/forfeited during the year	0
9	Total Number of Options in force *	363,836
10	Variation in terms of Options	Not Applicable
11	Total number of shares arising as a result of exercise of options	0
12	Money realised by exercise of options (Rs. In Lakhs)	0.00

*The options have been adjusted for split - Face value of Rs. 10 split to face value of Rs. 5 - i.e. 2 shares for every 1 held as on April 2, 2011

B. Employee-wise details of options granted during the financial year 2011-12 to:

	Name	Options granted
(i) Senior managerial personnel	Mr. Anurag Surana, Director Mr. Junichi Nakano, President (PI Japan) Mr. Rajnish Sarna, Executive Director (Corp. Strategy & Finance)	35541 18401 35414
(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	Mr. Anurag Surana Mr. Junichi Nakano Mr. Rajnish Sarna Mr. K Narasa Reddy Mr. Pramod Rajoria Dr. Abid Ali	35541 18401 35414 32748 36050 41019
(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.		NIL

C. Weighted average Fair Value of Options granted during the year whose

(a)	Exercise price equals market price	Not Applicable
(b)	Exercise price is greater than market price	Not Applicable
(c)	Exercise price is less than market price	Rs. 172.35
Weighted average Exercise price of options granted during the year whose		
(a)	Exercise price equals market price	Not Applicable
(b)	Exercise price is greater than market price	Not applicable
(c)	Exercise price is less than market price	Rs. 247.13

D The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2011-12 is Rs. 1.09 crores. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2011-12 would be Rs.36, 993,177. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma Adjusted Net Income and Earnings Per Share

Particulars	Rs. In crores
Net Income as reported	100.54
Add: Intrinsic Value Compensation Cost	1.09
Less: Fair Value Compensation Cost	(3.70)
Adjusted Pro Forma Net Income	97.93
Earning Per Share: Basic	
As Reported	40.27
Adjusted Pro Forma	39.22
Earning Per Share: Diluted	
As Reported	39.98
Adjusted Pro Forma	38.94

E. Method and Assumptions used to estimate the fair value of options granted during the year

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

The Assumptions used in the model are as follows:

Variables	Loyalty Options 2 April 2011	Performance options 2 April 2011
1. Risk Free Interest Rate	7.42%	7.42%-7.67%
2. Expected Life	4 years-5 years	4 years-7 years
3. Expected Volatility	56.54%-56.77%	56.54%-66.65%
4. Dividend Yield	0.68%	0.68%
5. Price of the underlying share in market at the time of the option grant.(Rs.)*	292.35	292.35

*The price has been adjusted for split – Face value of Rs. 10 split to face value of Rs. 5 - i.e. 2 shares for every 1 held as on 2 April 2011

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

We, at PI, are committed to doing things the right way which means taking business decisions and acting in a way that is with the applicable legal requirements. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices and regulatory compliance.

The Board of Directors of your Company are responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a critical role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and strive to achieve excellence in governance norms.

1. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising a blend of Executives and Non-executive professional Directors. At present, the Board of Directors consists of ten directors including Chairman & Managing Director, Managing Director & CEO, Whole time Director and seven Non-executive Directors.

The names and categories of the Directors on the Board along with their attendance at the Board meetings held during the year ended March 31, 2012 and at the last Annual General Meeting, and the number of other Directorship and Chairmanship / Membership of Committees held by them, is given below:

Name of Directors	Category of Directorship	No. of Board Meetings attended (Out of total 4 meetings held)	Attendance at the last AGM on 16.07.2011	Directorships in Companies incorporated in India Including PI Ind. Ltd.	No. of other Board Committees of which Member / (Chairman)*
Mr. Salil Singhal	Chairman and Managing Director	4	No	6	3
Mr. Mayank Singhal	Managing Director & CEO	4	No	3	1
Mr. Anurag Surana	Whole time Director	4	Yes	3	2
Mr. P.N. Shah	Non Executive and Independent	4	Yes	6	6(4)
Mr. Narayan K. Seshadri	Non-Executive and Independent	3	No	8	9(4)
Mr. Raj Kaul	Non-Executive and Non-Independent	2	No	1	Nil
Mr. Rahul Raisurana	Non-Executive and Non-Independent (Investor Director)	4	No	4	3
Mr. Pravin K. Laheri	Non-Executive and Independent	4	No	2	2
Mr. Bimal Kishore Raizada	Non-Executive and Independent	4	No	4	1
Mrs. Ramni Nirula	Non-Executive and Independent	3	No	9	5(2)

Mr. Namit Arora is the Observer on behalf of Standard Chartered Investments and Loans (India) Ltd. as per the Subscription Agreement dated 23.10.2009.

* Committees for this purpose include Audit Committee and Shareholders'/Investors' Grievance Committee only. Committees of PI Industries Ltd are also included.

* Membership of Board and Committees held if any in private companies and foreign companies are excluded in above data.

2. BOARD MEETINGS

The Board meets at regular intervals to review the performance of the company. During the year under review, besides meeting of Committee of Directors, 4 (Four) Board Meetings were held on April 14, 2011, July 26, 2011, November 05, 2011 and February 12, 2012.

The annual calendar of Board Meetings is agreed upon at the beginning of the year. The agenda is circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to arrive at appropriate decisions. The information as required under Annexure IA to Clause 49 is made available to the Board which also includes periodical review of compliance relating to all applicable laws and steps taken by the company to rectify the instances of non-compliance, if any. The Board also reviews the declaration made by the Managing Director regarding compliance with all applicable laws on a quarterly basis.

3. DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

At the ensuing Annual General Meeting Mr. Rahul Raisurana and Mr. Raj Kaul retire by rotation and being eligible offer themselves for re-appointment in terms of provisions of Articles of Association of the Company.

For detailed particulars on the Directors seeking appointment/re-appointment, please refer to Explanatory statement to the Notice of the forthcoming Annual General Meeting to be held on September 14, 2012.

4. COMMITTEES OF THE BOARD OF DIRECTORS

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

- Audit Committee
- Investors' Grievance Committee
- Remuneration Committee
- Administrative Committee
- Insider Trading Committee
- Management Committee
- Compensation Committee

The detailed terms of reference, composition and other details of the Committees are as under:

i) AUDIT COMMITTEE

The Audit Committee inter alia, supports the Board to ensure an effective internal control environment

Terms of reference

- (a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible;
- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fee;
- (c) Approval of payment to statutory Auditors for services rendered by the statutory Auditors.
- (d) Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors.
- (e) Reviewing with the management the Annual financial statements before submission to the Board for approval.
- (f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of internal control system.
- (g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.

- (h) Reviewing reports of internal audit 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;
- (i) Reviewing the company's financial and risk management policies;
- (j) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- (k) Reviewing the Management discussion and analysis of financial condition and results of operation.
- (l) Reviewing the Statement of significant related party transactions (as defined by the audit committee).
- (m) Reviewing the Management letters / letters of internal control weaknesses issued by the statutory auditors.

Composition and attendance of the members of the Audit committee

As on 31st March 2012, the Audit Committee comprises of Mr. P.N. Shah, as Chairman, Mr. Narayan K. Seshadri, Mr. Anurag Surana, Mr. Bimal K. Raizada and Mr. Rahul Raisurana, as members.

The Audit Committee consists of independent Directors / Non independent Directors and all the members of the Audit Committee have accounting or financial management expertise.

The Audit Committee meets at least four times in a year and not more than four months elapse between two meetings. Accordingly, the Audit Committee during the FY 2011-12, met five times on April 14, 2011, July 26, 2011, November 05, 2011 December 24, 2011 & February 12, 2012.

The composition and attendance record of the members of the Audit Committee for the FY 2011-12 is as follows:

Name	Category	Meetings held	Meetings attended
Mr. P.N. Shah	Chairman	5	4
Mr. Narayan K. Seshadri	Member	5	3
Mr. Bimal K. Raizada	Member	5	5
Mr. Anurag Surana	Member	5	5
Mr. Rahul Raisurana	Member	5	4

Mr. Mayank Singhal, Managing Director & CEO, Mr. Rajnish Sarna, Executive Director (Finance) & Corporate Strategy, Mr. K. Narasa Reddy, Internal Audit Head of the Company and the Internal Auditors are permanent invitees. The Statutory Auditors / Cost Auditors are also invited to attend aforesaid meetings. Mr. Namit Arora acts as Observer on behalf of Standard Chartered Investments and Loans (India) Ltd. as per the Agreement dated 23.10.2009.

The Company Secretary acts as the Secretary to the Committee.

ii) INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee aims at redressal of shareholder complaints and overseeing investor services. The committee looks into the process of share transfers and reviews the working of Company's Registrar & Transfer Agent.

Terms of reference

- The committee is entrusted with the powers related to transfers, transmissions, consolidation, splitting, issue of share certificates in exchange of sub-divided/consolidated etc. and overseeing the performance of Registrar & Transfer Agents.
- The committee focuses on the following:
 - Reviewing and redressing Shareholders and Investors complaints/ grievances.
 - Replying to the queries received from the investors
 - Review of the corporate actions related work.
 - Recommending measures for overall improvement in the quality of services being provided to the shareholders/investors.
 - All the matter related to Share transfer/ transmission etc.

Composition and attendance of the members of the Investors' Grievance Committee.

The Committee comprises at present four members, Mrs. Ramni Nirula as Chairperson, Mr. Salil Singhal, Mr. Mayank Singhal and Mr. Anurag Surana, as members. The Committee has met 5 times during the year on 30.05.2011, 15.07.2011, 30.07.2011, 30.09.2011 and 10.01.2012.

The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings Attended
Mrs. Ramni Nirula	Chairperson	5	4
Mr. Salil Singhal	Member	5	2
Mr. Mayank Singhal	Member	5	5
Mr. Anurag Surana	Member	5	5

The Company Secretary acts as the Secretary to the Committee.

During the year, the Company has received 33 complaints which were duly attended and no case is pending as on 31.3.2012.

iii) REMUNERATION COMMITTEE

The Remuneration Committee recommends to the Board the compensation terms of executive Directors in accordance with the guidelines laid out by the statute and the listing agreement executed with the Stock Exchanges.

Composition and attendance of the members of the Remuneration Committee

As on 31st March, 2012, the Committee consists of four members, all of them being non-executive and independent Directors. The Remuneration Committee comprises of Mr. Bimal K. Raizada as Chairman, Mr. Narayan K. Seshadri, Mr. Rahul Raisurana and Mrs. Ramni Nirula, as members.

The committee has met once during the year on April 14, 2011. The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings Attended
Mr. Bimal K. Raizada	Chairman	1	1
Mr. Narayan K. Seshadri	Member	1	1
Mrs Ramni Nirula	Member	1	1
Mr. Rahul Raisurana	Member	1	1

Mr. Namit Arora acts as Observer on behalf of Standard Chartered Investments and Loans (India) Ltd.

iv) ADMINISTRATIVE COMMITTEE:

This committee facilitates the day to day functioning of the Company where approvals/permissions are required on routine basis.

Terms of Reference

- To approve the un-audited quarterly results under clause 41 of the Listing Agreement except for the last quarter.
- To open / close current/cash credit/overdraft/ no-lien/ fixed deposit or other account(s) with any scheduled bank and authorize the official to operate the same.
- To create charge(s) with respect to various loans sanctioned to the Company by Banks/ Financial Institutions against current and fixed assets of the Company, as may be authorized by the Board of Directors.
- To authorize the officials to sign and submit tenders/rate contracts to various Governmental/ Semi Governmental authorities and Corporations.
- To authorize officials to sign any papers, documents, letters and correspondence on behalf of the Company relating to Central Excise/ Customs/ Import & Export/ Reserve Bank of India/ Sales Tax (Central & State) Registrar of Companies etc.
- To execute agreements under common seal of the Company with the Government Authorities, Corporation etc, to authorize the officials of the Company on that behalf.
- To exercise borrowing powers upto Rs.250 Crores at any one time, subject to the overall limit fixed by the Board of Directors.

- h. To invest funds of the company upto Rs.2 crores at any one time, subject to the overall limits fixed by the Board of Directors.
- i. To constitute the trust for superannuation, gratuity and like funds of the Company or to reconstitute the same.
- j. To lay down terms of employment of the employees including their remuneration.

Composition and attendance of the members of the Administrative Committee

The Administrative Committee comprises at present four members, Mr. Bimal K. Raizada as Chairman, Mr. Salil Singhal, Mr. Mayank Singhal and Mr. Anurag Surana, as members.

The committee has met 9 times during the year on 14.4.2011, 2.5.2011, 13.5.2011, 19.7.2011, 23.8.2011, 5.11.2011, 26.12.2011, 23.1.2012 & 12.2.2012. The composition and attendance record of the members of the committee are as follows

Name	Category	Meetings held	Meetings Attended
Mr. Bimal K. Raizada	Chairman	9	9
Mr. Salil Singhal	Member	9	6
Mr. Mayank Singhal	Member	9	8
Mr. Anurag Surana	Member	9	9

The Company Secretary acts as the Secretary to the Committee.

v) INSIDER TRADING COMMITTEE

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

Composition and attendance of the members of the Insider Trading Committee

The Insider Trading Committee comprises at present three members, Mr. Salil Singhal, Mr. Mayank Singhal and Mr. Anurag Surana. No meeting was held during the year.

The Company Secretary acts as the Secretary to the Committee.

vi) MANAGEMENT COMMITTEE

The Management Committee looks after the operations of each of its business areas. The Charter of each Management Committee has been clearly defined. The Committee broadly oversees implementing the overall business strategy, identifying areas of further value creation and new initiatives for enhancing the business competitiveness.

Terms of reference

- a. To provide input into and recommend Company's vision, mission, goals, business plans, performance objectives and management review system for approval by the Board;
- b. Regularly reviewing business performance Vs strategic and operational plans and ensure that timely corrective actions are taken;
- c. To recommend corporate financial objectives, plans, and actions, including significant capital allocations and expenditures, capital restructuring, fund raising, investor relations etc. to the Board for approval.
- d. To recommend policies, procedures and guidelines for key corporate actions including strategic alliances, M&A, major investment evaluation, GRC, etc. to the Board for approval ;

Composition and attendance of members of Management Committee

The Management Committee comprises at present six members, Mr. Salil Singhal as Chairman, Mr. Narayan K Seshadri, Mr. Mayank Singhal, Mr. Raj Kaul, Mr. Bimal K. Raizada and Mr. Anurag Surana, as members.

The committee has met three times during the year on 25.7.2011, 4.11.2011 & 11.2.2012. The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings Attended
Mr. Salil Singhal	Chairman	3	3
Mr. Mayank Singhal	Member	3	3
Mr. Narayan K. Seshadri	Member	3	2
Mr. Raj Kaul	Member	3	2
Mr. Anurag Surana	Member	3	3
Mr. Bimal K. Raizada	Member	3	3

Mr. Rajnish Sarna, Executive Director (Finance) & Corporate Strategy acts as the convener of the Committee.

vii) COMPENSATION COMMITTEE

The Compensation Committee administers Stock Option Plan and Performance Share Plan of the Company and determines eligibility of employees for Stock Options.

Composition and attendance of members of Management Committee

The Compensation Committee comprises at present three members, Mr. Bimal K. Raizada as Chairman, Mr. Narayan K Seshadri and Mr Rahul Raisurana as members.

The committee met once during the year on 2nd April, 2011. The composition and attendance record of the present members of the committee are as follows:

Name	Category	Meetings held	Meetings Attended
Mr. Bimal K. Raizada	Chairman	1	1
Mr. Narayan K. Seshadri	Member	1	1
Mr. Rahul RaiSurana	Member	1	1

5. DIRECTOR'S REMUNERATION

i. Remuneration paid to Managing Director / Whole time Directors (Executive Directors).

The remuneration of the Whole-time Director(s) is recommended by the Remuneration Committee based on factors such as Industry benchmarks, the Company's performance vis-à-vis the industry performance etc., which is decided by the Board of Directors. Remuneration comprises of fixed component viz. salary, perquisites and allowances and a variable component viz. commission. The Remuneration Committee also recommends the annual increments within the salary scale approved by the members as also the Commission payable to the Whole-time Director(s) on determination of profits for the financial year, within the ceilings on net profits as prescribed as under Section 198 and 309 of the Companies Act, 1956.

The details of remuneration paid to the Directors during the financial year 2011-12 are given below:

Name	Salary	Perquisites	PF & Sup'n	Commission
Shri Salil Singhal Chairman & Managing Director	1,05,00,000	17,14,946	29,50,504	50,00,000
Shri Mayank Singhal CEO & Managing Director	88,00,000	9,73,008	24,72,804	50,00,000
*Shri Anurag Surana Whole-time Director	68,10,000	6,00,000	7,41,604	-

* Shri Anurag Surana also holds 35,541 stock options allotted on April 02, 2011 which are yet to be exercised. No other director holds any stock options under the ESOP Scheme framed by the Company.

ii. Remuneration to Non-Executive Directors

Sitting fees is paid to Non-executive Directors for attending Board / Audit Committee / Management 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 paid and commission paid/ payable to the Non-Executive Directors for year ended March 31, 2012 and No. of equity shares held by them as on 31.3.2012 are as under:

Directors	Sitting Fees (Rs.)	Commission (Rs.)	No. of Equity shares
Mr. P.N. Shah	120000	500000	Nil
Mr. Narayan K Seshadri	130000	500000	261756
Mr. Raj Kaul	60000	500000	Nil
Mr. Bimal K. Raizada	200000	500000	Nil
Mr. Rahul Raisurana	120000	-	Nil
Mr. Pravin K. Laheri	40000	500000	Nil
Mrs. Ramni Nirula	30000	500000	Nil

6. CODE OF CONDUCT

Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of your Company has been framed and adopted by the Board of Directors. A copy of said Code of Conduct has also been posted on the company's website i.e www.piindustries.com. The Code has been circulated to all Board members and senior management personnel and compliance of the same is affirmed annually.

A declaration signed by the Managing Director & CEO to this effect is enclosed at the end of this report.

7. PROHIBITION OF INSIDER TRADING

The Company formulated & implemented a Code of Conduct for Prevention of Insider Trading in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended till date. The code of conduct for prevention of insider trading, inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the company. The necessary procedures have been laid down for employees, connected persons and persons deemed to be connected for trading in the securities of the Company.

Company Secretary acts as the Compliance Officer under the said Insider Code responsible for complying with the procedures, monitoring adherence to the Code for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board of Directors.

The said Code of Conduct is available on the Company's website.

8. DISCLOSURES

(i) 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.

(ii) 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.

(iii) Disclosure of Accounting Treatment

The financial statements have been prepared in accordance with the applicable Accounting Standards and relevant provisions of the Companies Act, 1956 and are based on historical cost convention (except for certain fixed assets which have been revalued) on accrual basis.

(iv) Risk Management

The Company has formulated risk management in its procedures itself. The Company has further strengthened its risk management system and has further 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.

(v) Management Discussion and Analysis

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

9. GENERAL BODY MEETINGS

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

Date	Venue	Time	Type of meeting
July 16, 2011	Udaisagar Road, Udaipur-313 001	11.00 A.M.	Annual
July 19, 2010	Udaisagar Road, Udaipur-313 001	11.00 A.M.	Annual
July 31, 2009	Udaisagar Road, Udaipur-313 001	11.00 A.M.	Annual

ii. Special resolutions passed during last 3 AGMs

Date of AGM	Subject matter of Special Resolutions Passed
July 16, 2011	- Nil
July 19, 2010	- Re- appointment of Mr. Salil Singhal as Chairman and Managing Director and fixation of remuneration. - Re-appointment of Mr. Anurag Surana as Whole-time Director and fixation of remuneration. - Payment of Commission to Non Executive Directors of the Company.
July 31, 2009	- Mortgage and/or first pari-passu charge on the fixed assets of the company in favour of Export Import Bank of India and Second charge on fixed assets for the working capital limits of consortium bankers namely State Bank of Bikaner & Jaipur, State Bank of India & Axis Bank Ltd.

iii. Date and Venue of last three Extra Ordinary General Meetings were held as under:

Date	Venue	Time	Type of Meeting
January 21, 2011	Udaisagar Road, Udaipur-313001	11.00 A.M.	Extraordinary
November 30, 2009	Udaisagar Road, Udaipur-313 001	11.00 A.M.	Extraordinary
October 12, 2009	Udaisagar Road, Udaipur-313 001	11.00 A.M.	Extraordinary

None of the items transacted at the said meetings were required to be passed by postal ballot. Further, there is no item on the agenda requiring postal ballot at the forthcoming Annual General Meeting.

10. POSTAL BALLOT

No postal ballot was conducted during the year 2011-12.

11. MEANS OF COMMUNICATIONS

Half yearly report sent to each household shareholders	No, the Company publishes the results in one National and Regional Newspapers.
Quarterly results are normally Published in	The quarterly results are published in one National and one Regional Newspaper.
Any web-site, where displayed Results are uploaded	Results are sent to the stock exchange where the shares of the company are listed for uploading on their website. The results are also uploaded on Company's website.
Whether it also displays official news releases and the presentations made to Institutional Investors or to the analysts	Yes
Whether Management Discussion & Analysis report is a part of Annual Report or Not	Yes
Whether Shareholder Information Section forms part of the Annual Report	Yes

12. 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 3,63,836 options. Each option shall entitle one equity share of the company. For details refer, annexure B to Directors Report.

13. COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

All mandatory requirements laid down under Clause 49 of the Listing Agreement have been complied with by the Company. The status of adoption/ compliance with the non-mandatory requirements is provided below:

(a) The Board

The Chairman of the Board of Directors of the Company is an Executive Director. Accordingly a separate Chairman's office is not required to be maintained. Further, the Company ensures that the persons appointed as Independent Directors possess requisite qualifications and experience. The Independent Directors are usually appointed/ reappointed for a period of 3 to 5 years. No maximum tenure for the Independent Directors has been specifically determined by the Board.

(b) Remuneration Committee

The Board of Directors of the Company has constituted a Remuneration Committee, the details of which has been discussed in earlier section of this report.

(c) Shareholders' Rights

The quarterly, half yearly and annual financial results of the Company are published in the newspapers and are also posted on the Company's website. The shareholders are kept informed of all events in the Company.

(d) Audit Qualifications

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

(e) Training of Board Members

No specific training program was arranged for Board members during the period under review. However, some of the members have attended several programs organized the external agencies on role & responsibilities of the NEDs. The Board members are also continuously briefed by the Chairman and Managing Director on the developments and performance of the Company to enable them to monitor the same at regular intervals and give suggestions for improvements.

(f) Mechanism for evaluation of Non-Executive Directors

Presently, there is no formal mechanism for performance evaluation of the Non-Executive Directors. The Board has so far evaluated the performance of the Directors collectively to reinforce the principle of collective responsibility.

(g) Whistle Blower Policy

The Company promotes ethical business behavior in all its business activities. Though the Company has not adopted any 'Whistle Blower Policy', but it encourages friendly environment where employees can forward any instance of unethical behaviour to the attention of the immediate reporting authority, who is required to report the same to the head of the Human Resources Department.

14. ADDITIONAL SHAREHOLDER'S INFORMATION

i) CONTACT INFORMATION

Registered Office

Udaisagar Road,
Udaipur - 313 001
Rajasthan (India)

Corporate Office

Vipul Square, 5th Floor,
B-Block, Sushant Lok Phase - I
Gurgaon - 122 009, Haryana (India)

Manufacturing Facilities

Udaisagar Road,
Udaipur - 313 001
Rajasthan (India)

Plot No.237,
GIDC, Panoli,
Ankleshwar, Gujarat (India)

Lane No.IV
Bari Brahmana
Jammu, J&K

ii) Representing Officer

Correspondence to the Compliance Officer may be addressed at the Registered and Corporate office of the Company.

iii) Annual General Meeting

Date	September 14, 2012
Time	11.30 A.M.
Venue	Udaisagar Road, Udaipur - 313 001 Rajasthan (India)

iv) Financial Calendar (Tentative)

The tentative calendar for declaration of financial results in financial year 2012-13 is as follows:

Financial Results for the quarter ending June, 2012 (un-audited).	on or before August 14, 2012
Financial Results for the quarter ending September, 2012 (un-audited).	on or before November 14, 2012
Financial Results for the quarter ending December, 2012 (un-audited).	on or before February 14, 2013
Audited Financial Results the year ending 31 st March, 2013.	Before the end of May, 2013
Annual General Meeting for the year.	Before the end of September, 2013

v) Book Closure Date

The dates of book closure are from September 07, 2012 to September 14, 2012 (both days inclusive)

vi) Dividend

The Board has given interim dividend of Rs. 2/- per equity share of Rs.5/- each (40 per cent) along with final dividend of Rs. 3 /- per equity share of Rs. 5/- each for the financial year 2011 -12, subject to approval by the shareholders at the Annual General Meeting.

Dividend will be paid by account payee / non-negotiable instruments or through the electronic clearing service (ECS), as notified by the SEBI through the stock exchanges. Shareholders are advised to refer to the notice of the annual general meeting for details of action required to be taken by them in this regard.

vii) STOCK EXCHANGE LISTING

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

- **Stock Code** : 523642 (BSE)
PIIND (NSE)
Listing fee have been paid for the year April 1, 2012 to March 31, 2013.
- **Demat ISIN for NSDL & CDSL** : INE 603J01022
Custodial Fees have been paid for the year April 1, 2012 to March 31, 2013.

viii) Stock Market Price data

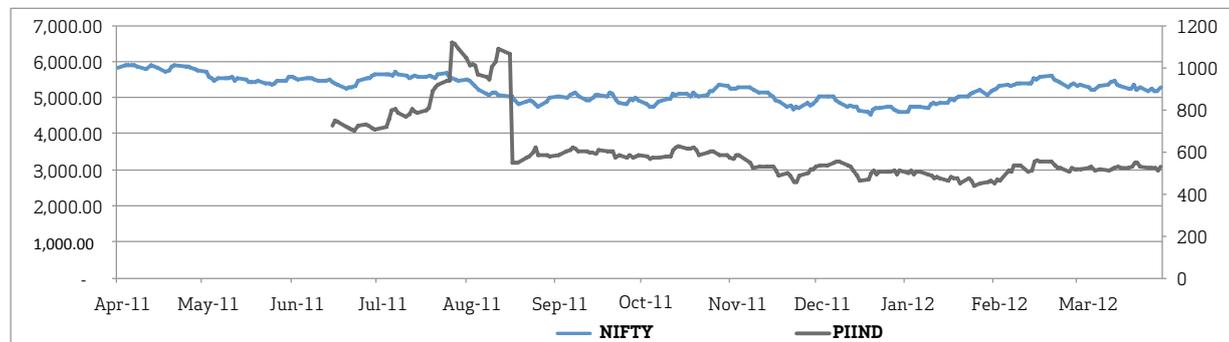
Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. were as under:

(Amount in Rs./share)

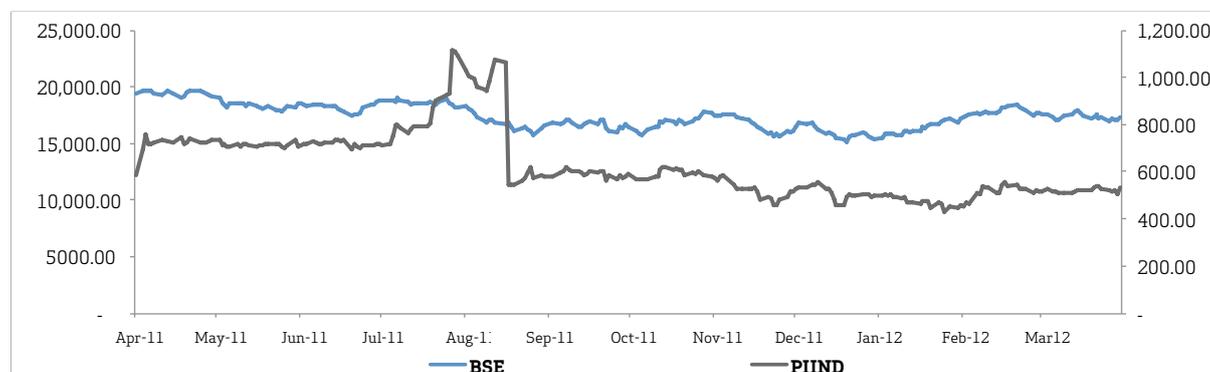
Month	BSE		NSE		NIFTY	SENSEX
	High	Low	High	Low	Closing high	Closing high
April, 2011	797.70	583.50	NOT LISTED	NOT LISTED	5911.50	19701.73
May, 2011	756.85	690.00	NOT LISTED	NOT LISTED	5701.30	18998.02
June, 2011	750.00	690.00	775.00	680.00	5592.00	18845.87
July, 2011	1209.40	707.20	1290.00	715.00	5728.90	19078.30
*August, 2011	1119.00	519.00	1116.00	502.90	5516.80	18314.33
September, 2011	627.80	540.00	628.50	536.65	5153.25	17165.54
October, 2011	627.50	565.00	628.00	565.00	5360.70	17804.80
November, 2011	599.90	450.45	598.45	453.15	5289.35	17569.93
December, 2011	554.85	435.00	563.00	436.50	5062.60	16877.06
January, 2012	505.00	424.00	529.00	420.00	5204.70	17233.98
February, 2012	567.20	445.05	580.00	446.00	5607.15	18428.61
March, 2012	565.05	500.00	569.50	501.15	5463.90	17919.30

*Stock Split 2 equity shares of Rs. 5/- each were issued in lieu of one equity share of Rs. 10/- each as on record date i.e 19th August, 2011.

Performance of PI shares as compared with Nifty during 2011-12. Equity shares got listed on NSE on June 14, 2011



Performance of PI shares as compared with Sensex during 2011-12.



ix) Registrar and Transfer Agents

Karvy Computershare Private Limited
Unit: PI Industries Ltd.
 17 to 24, Vithalrao Nagar,
 Madhapur, Hyderabad - 500 081.
 Tel: 040 23428412, 040 23420815 -20

Contact Person: Ms Anitha Puttigari

Email: anitha.puttigari@karvy.com
 Fax: 040- 23420814

Share Transfer System

All transfers received and processed and approved by the Share Transfer Committee which normally meets twice a month or more depending upon the volume of transfers.

x) Distribution of Shareholdings (As on March 31, 2012)

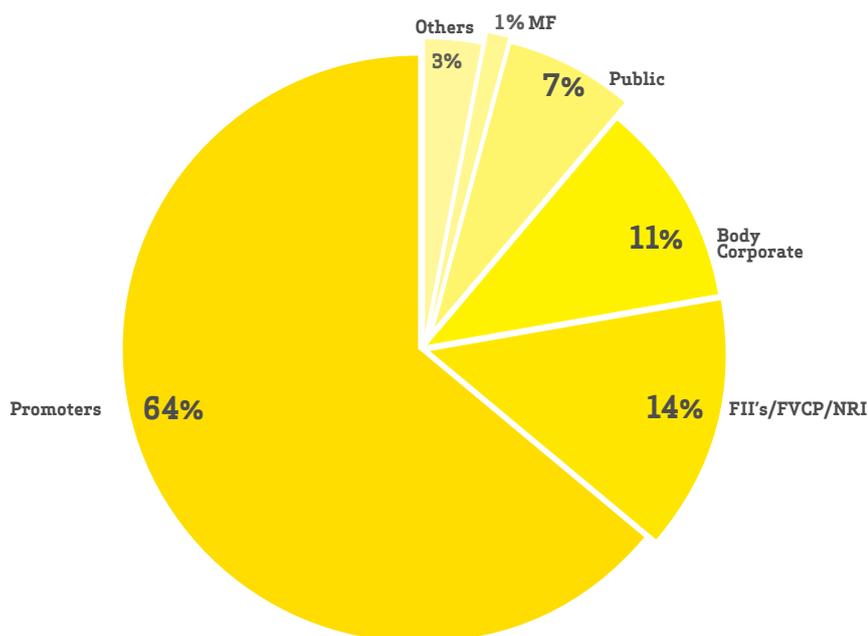
Shareholding of Nominal value of Rs.	Shareholders		Share amount	
	No.	% to total	In Rs.	% to total
Upto 5000	1788	86.59	1668105	1.33
5001 - 10000	132	6.39	915985	0.73
10001 - 20000	62	3.00	853015	0.68
20001 - 30000	12	0.58	299090	0.24
30001 - 40000	9	0.44	322865	0.26
40001 - 50000	6	0.29	283000	0.22
50001 - 100000	14	0.68	1048795	0.84
100001 & above	42	2.03	119851035	95.70
	2065	100.00	125241890	100.00

xi) Demat Status (As on March 31, 2012)

Mode	No. of shareholders	No. of shares	%
Demat	1683	24690506	98.57
Physical	382	357872	1.43
TOTAL	2065	25048378	100

xii) Categories Of Shareholders (As on March 31, 2012)

S.No.	Category	No. of shareholder	No. of shares held	Voting strength (%)
1	Promoters	7	15944022	63.65
2	Mutual Funds	4	295199	1.18
3	Indian Bodies Corporate	130	2709351	10.82
4	FII's/FVCP/NRI/Foreign Bodies	68	3647006	14.56
5	Indian Public	1828	1737199	6.93
6	Others (incl clearing members etc.)	28	715601	2.86
	TOTAL	2065	25048378	100



Shareholding pattern graph as on 31st March, 2012

xiii) 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 has vide its circular dated 7th January, 2010 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 abovesaid requests in respect of shares held in physical form will stand rejected by the Company/ RTA.

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

- Shareholder shall submit original share certificate along with De-materialization request Form (DRF) to the Depository Participant (DP)
- DP shall process the DRF, generate a Unique De-materialization Request No. and forward the DRF alongwith 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 dematerialised 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.

15. MANAGING DIRECTOR & CEO AND CHIEF FINANCIAL OFFICER CERTIFICATION

The Managing Director & CEO and Executive Director – Finance & Corporate Strategy of the Company have certified to the Board, in the manner required under the Corporate Governance Code concerning the Annual Financial Statements.

In compliance with Clause 49(V) of the Listing Agreement, a declaration by the Managing Director & CEO and the Executive Director – Finance & Corporate Strategy, has been attached is 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.

16. CERTIFICATION BY AUDITORS

As required under clause 49 of the Listing Agreement, the Statutory Auditors of the Company have verified the compliances of the Corporate Governance by the Company. Their certificate is annexed hereinafter.

CERTIFICATES UNDER CORPORATE GOVERNANCE

a) Certificate relating to Code of Conduct for Directors/Senior Management

The Board of Directors
PI Industries Limited
Udaipur

This is to certify that as per the revised clause 49 of the Listing Agreement, 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, 2012.

Place: Gurgaon
Date: 29.05.2012

Sd/-
(Mayank Singhal)
Managing Director & CEO

b) Certificates issued pursuant to the provisions of Clause 49 of the Listing Agreement by Managing Director & CEO and Chief Financial Officer

The Board of Directors
PI Industries Limited
Udaipur

This is to certify that for the financial year 2011-12, we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial year 2011-12 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibilities for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
 - there have been no significant changes in internal control during this year.
 - there have been no significant changes in accounting policies during the year.
 - there have been no instances of significant fraud of which, we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system

Sd/-
(Mayank Singhal)
Managing Director & CEO

Sd-
(Rajnish Sarna)
Executive Director
Corporate Strategy & Finance

Place: Gurgaon
Date: 29.05.2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,
PI Industries Limited,
Gurgaon

We have examined the compliance of conditions of Corporate Governance by PI Industries Limited for the Financial year ended March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination 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 the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further 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 B.D. Gargieya & Co.,
Chartered Accountants

Sd/-
CA. Ashok Mangal
Partner
Membership no. 71714

For S.S. Kothari Mehta & Co.,
Chartered Accountants

Sd/-
CA. Krishan Kant Tulshan
Partner
Membership No. 85033

Place: Gurgaon
Date: 29.05.2012

AUDITORS' REPORT

TO THE MEMBERS OF PI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **PI INDUSTRIES LIMITED**, as at 31st March, 2012, and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **B.D. GARGIYA & CO.**
Chartered Accountants
Firm Reg. No. 001072C

Sd/-
(CA ASHOK MANGAL)
Partner
Membership No.71714

Place: Gurgaon

Date: 29.05.2012

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Reg. No. 000756N

Sd/
(CA KRISHAN KANT TULSHAN)
Partner
Membership No. 85033

Annexure

Re: PI Industries Limited

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this program, certain fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to the books of accounts.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year except selling off its Polymer division (Refer Note No. B-30), however it has not affected going concern.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. As far as we could ascertain and according to the information and explanations given to us, no material discrepancies were noticed between the physical stock and the book records.
- (iii) (a) As per the information & explanations given to us, the company has not granted loan to any party covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clause 4(iii) b, c & d of the order are not applicable.
- (b) The Company has taken unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act 1956. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 485.00 Lacs and the year-end balance is Rs 370.00 Lacs.
- (c) In our opinion and according to the information & explanations given to us, the rate of interest and other terms and conditions of such loans, unsecured, are not prima facie prejudicial to the interest of the company; and
- (d) In respect of loans taken repayable on demand, repayment of the principal amount has been made as demanded and payment of interest is regular as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of a major weakness in the aforesaid internal control systems.
- (v) According to the information and explanations provided by the Management and based upon audit procedures performed, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section and the transactions made in pursuance of such contracts or arrangements (exceeding the value of five lacs rupees in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the manufacture of insecticides and chemicals and are of the opinion that, prima facie, the prescribed records and accounts have been made and maintained. However, we have not carried out a detailed examination of such records with a view to determining whether they are accurate or complete.

(ix) (a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Wealth tax, Customs duty, Excise duty, Cess and any other material statutory dues to the extent applicable to it and there are no such undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March, 2012

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, service tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute, other than the following:-

Nature of Statute	Nature of Dues	Period (F.Y.)	Amount (Excluding Interest) (Rs. In Lacs) *	Forum where pending
Gujarat General Sales Tax Act, 1969.	Sales Tax	2001-02	5.67	Joint Commissioner of Sales Tax(Appeal), Vadodara.
Gujarat General Sales Tax, 1969	Sales Tax	1995-96	2.15	Assessing Authority-Bharuch
Gujarat General Sales Tax, 1969	Sales Tax	1996-97	1.65	Assessing Authority-Bharuch
Gujarat General Sales Tax, 1969.	Sales Tax	2003-04	3.14	Dy. Commissioner of Commercial Tax (Appeal), Vadodara.
Central Sales Tax (Gujarat) Rules, 1970.	Sales Tax	2003-04	10.67	Joint Commissioner of Commercial Tax (Appeal), Vadodara
Andhara Pradesh General Sales Tax Act	Sales Tax	2001-02	8.62	Andhara Pradesh Tribunal
Andhara Pradesh General Sales Tax Act	Sales Tax	2003-04	10.02	Andhara Pradesh Tribunal
West Bengal Sales Tax Act	Sales Tax	2003-04	15.93	Joint Commissioner (Appeal) Kolkatta
Assam Value Added Tax Act	VAT	2007-08	1.12	Joint Commissioner Guwahati
Income Tax Act	Income Tax	Assessment Year 2009-10	143.06	Commissioner of Income Tax appeal
Custom Act	Anti Dumping Duty	2009-2010 & 2010-2011	230.44	Hon'ble Supreme Court of India
Central Excise Act	Excise Duty	1987--88	44.92	** Hon'ble Supreme Court of India.-

* Amount shown as due is net of amounts already deposited on appeal

** Fixed deposit receipt lodged with Rajasthan Excise Department.

(x) The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year under report and in the immediately preceding financial year.

- (xi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the CARO, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the CARO, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given a counter guarantee of Rs.32.85 lacs in favour of Gujarat Industrial Development Corporation Limited (GIDC) in relation to the corporate guarantee provided by GIDC for availment of term loans by Bharuch Eco-Aqua Infrastructure Limited, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.
- (xvi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and as per books and records examined by us, on the basis of an overall examination of the Balance Sheet of the Company, the funds raised by the Company on short-term basis, have not been applied for long-term purposes.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year. Therefore, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by means of public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- (xxi) 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, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **B.D. GARGIEYA & CO.**
Chartered Accountants
Firm Reg. No. 001072C

Sd/-
(CA ASHOK MANGAL)
Partner
Membership No.71714

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Reg. No. 000756N

Sd/
(CA KRISHAN KANT TULSHAN)
Partner
Membership No. 85033

Place: Gurgaon

Date: 29.05.2012

PI INDUSTRIES LTD
BALANCE SHEET AS AT 31ST MARCH 2012

(Rs in Lacs)

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2012		AS AT 31ST MARCH 2011	
I EQUITY & LIABILITIES					
1 Shareholders' Funds					
a Share Capital	B 1	1,252.42		1,928.75	
b Reserves and Surplus	B 2	30,667.83	31,920.25	19,134.68	21,063.43
2 Non Current Liabilities					
a Long-term borrowings	B 3	11,905.70		5,898.62	
b Deferred tax liabilities (Net)	B 4	3,242.87		3,228.98	
c Other long-term liabilities	B 5	1,059.86		944.73	
d Long-term provisions	B 6	176.96	16,385.39	136.89	10,209.22
3 Current Liabilities					
a Short-term borrowings	B 7	11,312.86		15,527.71	
b Trade payables	B 8	9,638.62		10,570.30	
c Other current liabilities	B 9	8,842.64		7,551.63	
d Short-term provisions	B 6	1,624.79	31,418.91	1,198.36	34,848.00
TOTAL			79,724.55		66,120.65
II ASSETS					
1 Non Current Asset					
a Fixed asset					
Tangible asset	B 10	29,228.20		25,066.42	
Intangible asset	B 12	178.91		115.39	
Capital work-in-progress	B 11	7,776.91		3,136.26	
Intangible asset under development	B 11	323.31	37,507.33	70.77	28,388.84
b Non-current investments	B 13		196.77		196.77
c Long term loans & advances	B 14		1,907.26		1,876.89
d Other assets	B 15		162.37		139.82
2 Current Asset					
a Inventories	B 16	17,875.13		14,098.00	
b Trade receivables	B 17	17,186.90		17,476.57	
c Cash and Bank Balances	B 18	762.68		676.93	
d Short-term loans and advances	B 14	3,935.82		3,139.88	
e Other assets	B 15	190.29	39,950.82	126.95	35,518.33
TOTAL			79,724.55		66,120.65

Refer accompanying notes to financial statements

A&B

As per our separate report of even date attached

For B. D. Gargieya & Co
Chartered Accountants

For S. S. Kothari Mehta & Co
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Executive Director
Corp. Strategy & Finance

Sd/-
Naresh Kapoor
Company Secretary

Sd/-
Ashok Mangal
Partner
M. No. 71714
Firm Rg. No. 001072C

Sd/-
Krishan Kant Tulshan
Partner
M. No. 85033
Firm Rg. No. 000756N

Place: Gurgaon
Dated: 29.05.2012

PI INDUSTRIES LTD.
STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

(Rs in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31ST MARCH 2012	FOR THE YEAR ENDED 31ST MARCH 2011
I. Revenue from Operations	B 19		
Sale of products		99,871.93	83,366.91
Less: Discount		(7,781.00)	(7,155.18)
Less: Excise Duty		(4,593.97)	(4,619.19)
Sale of services;		-	5.64
Other operating Revenues;		212.09	234.90
II. Other Income	B 20	519.06	1,050.53
III. Total Revenue (I+II)		88,228.11	72,883.61
IV. Expenses:			
Cost of Materials consumed	B 21	48,668.06	41,738.05
Purchase of Stock in Trade		3,900.02	3,264.56
Changes in Inventories of finished goods, work in progress and stock in trade	B 22	(3,359.86)	(2,950.75)
Employee Benefits expenses	B 23	7,017.12	5,821.07
Finance Costs	B 27	2,010.92	1,860.20
Depreciation and amortisation	B 26	1,710.94	1,559.07
Other Expenses	B 24	17,377.45	12,608.13
Total Expenses		77,324.65	63,900.33
V. Profit before exceptional and extraordinary items and tax (III-IV)		10,903.46	8,983.28
VI. Exceptional Items	B 25	3,034.28	-
VII. Profit before extraordinary items and tax		13,937.74	8,983.28
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII- VIII)		13,937.74	8,983.28
Consisting of :			
- Profit/ (Loss) on Continuing Operations		10,906.93	8,431.60
- Profit/ (Loss) on Discontinued Operations		(3.47)	551.68
- Exceptional Items Profit/ Loss		3,034.28	-
Less: Provision for Current Tax for continuing business		(3,870.15)	(1,841.76)
Less: Provision for current tax for discontinued business		0.45	(205.85)
Less: Provision for Deferred tax		(13.89)	(529.27)
Add: Income Tax of earlier years		-	5.27
X Profit After Tax		10,054.15	6,411.67
Consisting of:			
- Profit/ (Loss) on Continuing Operations		7,777.99	6,065.84
- Profit/ (Loss) on Discontinued Operations		(3.02)	345.83
- Exceptional Items Profit/ Loss		2,279.18	-
XI Profit/ (loss) for the period		10,054.15	6,411.67
XII Earnings per Equity shares.			
1) Basic (in Rs.)	B 31	40.27	28.76
2) Diluted (in Rs.)		39.98	25.72
Earnings per share Rs. - Continuing Business			
1) Basic (in Rs.)		40.28	27.20
2) Diluted (in Rs.)		39.98	24.33
Earnings per share Rs. - Discontinued Business			
1) Basic (in Rs.)		(0.01)	1.56
2) Diluted (in Rs.)		(0.00)	1.39
Face value per share (in Rs.)		5.00	10.00

* The EPS for FY 2010-11 has been calculated considering the effect of split of shares in the current year.

Refer accompanying notes to financial statements

A & B

As per our separate report of even date attached

For and on behalf of the Board of Directors

For B. D. Gargiyea & Co
Chartered Accountants

For S. S. Kothari Mehta & Co
Chartered Accountants

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Ashok Mangal
Partner
M. No. 71714
Firm Rg. No. 001072C

Sd/-
Krishan Kant Tulshan
Partner
M. No. 85033
Firm Rg. No. 000756N

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Executive Director
Corp. Strategy & Finance

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurgaon
Dated : 29.05.2012

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2012

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2012	FOR THE YEAR ENDED 31ST MARCH 2011
A. Cash Flow from Operating Activities		
Net Operating Profit before Tax & Extraordinary Items	13,937.74	8,983.28
Adjustments for:		
Net operating profit before tax		
Depreciation	1,710.94	1,559.07
Interest Expenses	2,010.92	1,860.20
Provision for Doubtful Debts and Advances	379.08	169.31
Interest Income	(412.20)	(276.27)
Dividend Income	(0.02)	(0.02)
Employee Stock Option Expense	108.95	-
(Profit)/Loss on sale of Fixed Assets (Net)	128.62	3.97
Bad Debts written off	1.81	0.68
Unrealised Foreign Exchange Loss/(Gain) (Net)	68.42	(165.95)
Exceptional Items		
- Sale of Polymer Business	(3,034.28)	-
	962.24	3,150.99
Operating Profit before Working Capital changes	14,899.98	12,134.27
(Increase) / Decrease in Short Term Trade Receivables	64.37	(5,747.82)
(Increase) / Decrease in Short term Loans and advances	(1,004.18)	620.08
(Increase) / Decrease in Long term Loans and advances	(20.53)	(73.71)
(Increase) / Decrease in Other assets	(73.17)	(16.00)
(Increase)/Decrease in Inventories	(3,777.13)	(3,816.93)
Increase / (Decrease) in Short term Trade Payables/ Provisions	(841.63)	1,070.55
Increase / (Decrease) in Long term Trade Payables/ Provisions	40.07	0.90
Increase / (Decrease) in Other Short term Liabilities	1,932.57	(668.21)
Increase / (Decrease) in Other Long term Liabilities	115.13	128.02
	(3,564.50)	(8,503.12)
Cash generated from Operations before tax and exceptional items	11,335.48	3,631.15
Net Direct Taxes paid	(3,955.06)	(1,776.37)
Exceptional Item	3,034.28	-
Net cash from Operating Activities	10,414.70	1,854.78
B. Cash flow from Investing Activities		
Purchase of Fixed Assets including Capital work in progress, intangible assets and Capital advances	(11,710.51)	(9,429.82)
Sale of Fixed Assets	859.45	21.54
Interest Received	412.20	276.27
Dividend Received	0.02	0.02
Net cash used in investing activities	(10,438.84)	(9,131.99)
Net cash from Operating and Investing Activities	(24.14)	(7,277.21)

C. Cash flow from Financing Activities		
Issue of Equity Share capital	133.67	410.00
(Repayment)/Issue of Preference Share Capital	(810.00)	(1,250.00)
(Repayment/ Redemption)/Issue of Debentures	(2,940.00)	-
Share Premium Account	3,340.38	840.00
Short Term Borrowings (Net)	(4,341.57)	10,933.90
Long Term Borrowings (Net of Repayments)	8,115.46	(1,478.85)
Cash Flow Hedge Reserve	(492.60)	-
Interest paid (Net)	(1,987.50)	(1,779.99)
Dividend Distribution	(1,001.30)	(149.26)
Net Cash from Financing activities	16.54	7,525.80
Net Cash from Operating, Investing & Financing Activities	(7.60)	248.59
Net increase in Cash & Cash equivalent	(7.60)	248.59
Opening balance of Cash & Cash equivalent	397.11	148.52
Closing balance of Cash & Cash equivalent	389.51	397.11

Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following:-

i) Cash Balance on Hand	5.89	8.53
ii) Balance in Current Account	383.62	388.58
TOTAL	389.51	397.11

As per our separate report of even date attached

For B. D. Gargieya & Co
Chartered Accountants

Sd/-
Ashok Mangal
Partner
M. No. 71714
Firm Rg. No. 001072C

For S. S. Kothari Mehta & Co
Chartered Accountants

Sd/-
Krishan Kant Tulshan
Partner
M. No. 85033
Firm Rg. No. 000756N

For and on behalf of the Board of Directors

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Executive Director
Corp. Strategy & Finance

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurgaon
Dated : 29.05.2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards pursuant to the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, as a going concern, on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company.

Changes in Accounting Policy

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it had significant impact on presentation and disclosures made in the financial statements.

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 VI to the Companies' Act, 1956. 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.

The Company has adopted Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurement". Based on the Recognition and Measurement principles set out in AS 30, changes in the fair values of derivative financial instruments, the net foreign exchange exposure over a period of one year against the committed order in hand hedged through forward contracts, are designated as effective cash flow hedges and marked to market loss/gain arising on said foreign currency instruments are transferred to "Cash Flow Hedge Reserve" directly in the Balance Sheet under Reserves & Surplus and later the same is reclassified into Profit & Loss account upon the occurrence of the hedging transaction.

2) USE OF ESTIMATES

The presentation of financial statements requires estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

3) REVENUE RECOGNITION

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods - Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and is stated net of trade discount, returns and Sales Tax / VAT but includes Excise Duty.

Interest - Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends - Revenue is recognized when the shareholder's right to receive payment is established by the Balance Sheet date.

Export Benefits / Incentives - Export entitlement under Duty Entitlement Pass Book ('DEPB') Scheme are recognised in the Profit & Loss Account when the right to receive credit as per terms of the scheme is established in respect of export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

4) EXPENDITURE

Rebate, claims & settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

5) FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are stated at cost or as revalued, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of 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.

Expenditure during construction / erection period is included under capital work-in-progress and is allocated to the respective fixed assets on completion of construction / erection.

- b) Depreciation on Building, Plant & Machinery and R&D Equipments of Pesticides Division at Udaipur (in respect of fixed assets commissioned on or after July 1, 1988), Pesticides Division at Panoli & Jammu and Polymer Division at Panoli is provided on Straight Line method and depreciation on all other fixed assets is provided on Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.
- c) Leasehold land and Cost of improvement on leasehold building is being amortised over the lease period.
- d) Revaluation of Fixed assets: Depreciation on the increased amount of assets due to revaluation is computed on the basis of the residual life of the assets as estimated by the valuers on straight-line method.

6) INTANGIBLE ASSETS

Intangible Assets are stated at cost of acquisition less accumulated amortisation as below

Software:- Software is stated at cost of acquisition and includes all attributable expenditure on making the assets ready for their intended use.

Product Development costs:- Product Development costs considered to have finite useful lives, are capitalised and recognised as intangible assets are stated at cost less any impairment losses.

Amortisation:- Amortisation of intangible asset is provided on the basis of estimated useful life of the assets as below:

Software: Amortised on straight line basis over a period of 6 years.

Product Development: Amortised on straight line basis over a period of 5 years.

7) IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

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

8) INVENTORIES

- a) Inventories of Finished Goods, Work in progress, Raw materials, Packing materials and Stores & Spares are stated at lower of cost and net realisable value. By-products are valued at estimated realisable value.
- b) Cost of Raw Materials, Packing Materials, Stores and Spares, Trading and other products are determined on weighted average basis and are net of Cenvat credit.
- c) Cost of Work in progress and Finished Goods is determined considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity. Cost of finished goods include excise duty.
- d) Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary, the same are written off or provision is made for such inventories.

9) EMPLOYEE BENEFITS

- a) Defined Contribution Plan :

Employees benefits in the form of the Company's contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance is a defined contribution scheme and contributions are charged to the Profit & Loss Account of the year when the contribution to the respective fund is due.

- b) Defined Benefit Plan :
Retirement benefits in the form of gratuity and leave encashment are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation as at the date of the Balance Sheet using the projected unit credit method.
- c) Actuarial gains/losses, if any, are immediately recognised in the Profit & Loss Account.
- d) Short Term Employee benefits:
Short term benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

10) FOREIGN CURRENCY TRANSACTIONS

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate.

c) Exchange Difference

Any gain or loss on account of exchange difference arising either on the settlement or on reinstatement of foreign currency monetary items is recognised in the Profit & Loss account, except exchange difference arising on long term foreign currency monetary items relating to acquisition of depreciable fixed assets, which is adjusted to the carrying amount of such assets.

An asset shall be designated as a long term foreign currency monetary item, if the asset or liability is expressed in foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

11) RESEARCH AND DEVELOPMENT

Capital Expenditure incurred for Research and Development is capitalised when commissioned and included in the gross block of fixed assets. Revenue expenditure on research and development is charged to the Profit & Loss account in the period in which it is incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale. Product development expenditure which do not meet these criteria are expensed when incurred.

12) PRIOR PERIOD ADJUSTMENTS

Earlier year items, adjustment/claims, arisen / settled / noted during the year, if material in nature, are debited / credited to prior period Expenses/Income or respective heads of account, if not material in nature.

13) INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long -term investments are stated at cost. Provision for diminution in the value of investments is made, if it is other than temporary.

14) BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

15) TAXATION

- a) Provision for Current Tax is made after considering benefits, exemptions and deductions available under the Income Tax Act,1961.
- b) Deferred tax is recognised subject to consideration of prudence, on timing differences, representing the difference between the taxable income/(loss) and accounting income/(loss) that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

16) LEASES

Operating Lease: Lease rentals in respect of assets taken on operating leases are charged to the profit and loss account with reference to lease terms and other consideration.

17) PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

18) SEGMENT REPORTING

The accounting policies adopted by the Company for segment reporting are in line with the accounting standard on Segmental Reporting.

Primary Segment:

Business Segment: The Company's operating business is organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are Chemicals and Others.

Secondary Segment:

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

- (a) Sales within India
- (b) Sales outside India

Segment Expenses, Segment Assets and Segment Liabilities have been allocated to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated Revenue/Expenses/Assets/Liabilities".

19) CASH FLOW STATEMENTS

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounting Standards) Rules, 2006. The cash flows from regular revenue generating, financing and investing activity of the Company are segregated.

20) EARNING PER SHARE

Basic earning 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.

21) DERIVATIVE INSTRUMENTS

The Company has adopted Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurement". Based on the Recognition and Measurement principles set out in AS 30, changes in the fair values of derivative financial instruments, the net foreign exchange exposure over a period of one year against the committed order in hand hedged through forward contracts, are designated as effective cash flow hedges and marked to market loss/gain arising on said foreign currency instruments are transferred to "Cash Flow Hedge Reserve" directly in the Balance Sheet under Reserves & Surplus and later the same is reclassified into Profit & Loss account upon the occurrence of the hedging transaction.

22) EMPLOYEE STOCK OPTION BASED COMPENSATION

Accounting value of stock options is determined on the basis of 'intrinsic value' representing the excess of the market price on the date of grant over the exercise price of the options granted under the 'Employees Stock Option Scheme' of the Company, and is being amortised as 'Deferred employee compensation' on a straight-line basis over the vesting period in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Guidance Note No.18 'Share Based Payments' issued by the ICAI.

NOTES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

B. NOTES TO ACCOUNTS

(Rs in Lacs)

1 SHARE CAPITAL	31st March 2012	31st March 2011
Authorised Shares		
400,00,000 (Previous Year 200,00,000) Equity Shares of Rs.5/- each (Previous Year of Rs. 10/- each)	2,000.00	2,000.00
50,00,000 (Previous Year 50,00,000) Preference Shares of Rs.100/- each	5,000.00	5,000.00
	7,000.00	7,000.00
Issued Shares		
250,83,693 (Previous Year 112,05,158.5) Equity Shares of Rs.5/- each (Previous Year Rs. 10/ each)	1,254.19	1,120.52
Nil (Previous Year 8,10,000) 0.01% Non-Cumulative compulsorily Convertible Preference shares (CCPS) of Rs. 100/- each	-	810.00
	1,254.19	1,930.52
Subscribed and Fully paid up shares		
250,48,378 (Previous Year 111,87,501) Equity Shares of Rs.5/- each (Previous Year Rs. 10/- each)	1,252.42	1,118.75
Nil (Previous Year 8,10,000) 0.01% Non-Cumulative compulsorily Convertible Preference shares (CCPS) of Rs. 100/- each	-	810.00
Total subscribed and fully paid up share capital	1,252.42	1,928.75

- a. The issued share capital of previous year includes fractional coupons of Rs. 5/- each fully paid, allotted as bonus shares in earlier years.
- b. The difference between the issued and subscribed capital is on account of less number of shares allotted in right issue in earlier years.

c. Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a par value of Rs. 5 per share (Previous Year Rs. 10 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.

During the year ended 31st March 2012, the Company had declared interim dividend of Rs. 2 per share of face value of Rs. 5/- each to the equity shareholders and final dividend of Rs. 3 per share is recognised as distribution to the equity shareholders at the year end (Previous year Rs. 4 per share of face value of Rs. 10/- each).

d. Terms/ rights attached to Preference shares

As per the terms of the issue, the holder of CCPS had option to convert its preference shares into equity within 18 months of the date of issue i.e. 24th October 2009. The CCPS carried a coupon rate of 0.01% p.a. and had lock in period of one year.

**e. Terms of securities convertible into equity
Compulsorily Convertible Preference Shares (CCPS)**

Refer Note 1(d)

As per the terms of issue

(i) 1250000 CCPS were converted into 370826 equity shares of Rs. 10 each at a premium of Rs. 327.085 per share during the previous year, and

(ii) the balance 810000 preference shares have been converted into 311658 equity shares of Rs. 10/- each, allotted to both Standard Chartered Private Equity (Mauritius) Limited and Standard Chartered Private Equity (Mauritius) II Limited equally, at a premium of Rs. 249.9003 per share.

Optionally Convertible Debentures (OCDs)

Refer Note 3 (a)

During the year 1025030 equity shares were issued and allotted by the Company to Standard Chartered Investments and Loans (India) Limited at a premium of Rs. 249.9003 per equity share of face value on conversion of 2664053 OCDs and the balance 275947 OCDs were redeemed.

f. Fractional Shares

During the year 18 fractional shares were sold off in the market on 15th October 2011 at prevailing market price and the proceeds were reimbursed to the beneficiaries.

g. Split of Shares

Pursuant to the approval of the shareholders in their meeting held on 16th July 2011, the Company has sub-divided the existing equity shares of Rs. 10/- each fully paid up into 2 equity shares of Rs. 5/- each.

h Reconciliation of Shares outstanding at the beginning and at the end of the reporting period

Equity Shares				
Particulars	Equity Share (No. of Shares)		Equity Share (Value of Shares) (in Rs. Lacs)	
	2011-12	2010-11	2011-12	2010-11
Share outstanding at beginning of period	11,205,158.5	7,105,165.5	1,120.52	710.52
Bonus Shares issued during the period (Refer Note 1(i))	-	3,729,167	-	372.92
Preference Shares Converted into Equity (Refer Note 1(e))	311,658	370,826	31.17	37.08
Debentures Converted into Equity (Refer Note 1(e))	1,025,030	-	102.50	-
Split of shares (Refer Note 1(g))	12,541,846.5	-	-	-
Share outstanding at end of period	25,083,693	11,205,158.5	1,254.19	1,120.52

Preference Shares				
Particulars	Preference Share (No. of Shares)		Preference Share (Value of Shares) (Rs. In Lacs)	
	2011-12	2010-11	2011-12	2010-11
Share outstanding at beginning of period	810,000	2,060,000	810.00	2,060.00
Shares issued during the period	-	-	-	-
Shares Converted into Equity (Refer Note 1(e))	(810,000)	(1,250,000)	(810.00)	(1,250.00)
Share outstanding at end of period	-	810,000	-	810.00

Equity Shares				
Particulars	Equity Share (No. of Shares)		Equity Share (Value of Shares) (in Rs. Lacs)	
	2011-12	2010-11	2011-12	2010-11
Share outstanding at beginning of period	11,187,501	7,087,508	1,118.75	708.75
Bonus Shares issued during the period (Refer Note 1 (i))	-	3,729,167	-	372.92
Preference Shares Converted into Equity (Refer Note 1 (e))	311,658	370,826	31.17	37.08
Debentures Converted into Equity (Refer Note 1 (e))	1,025,030	-	102.50	-
Split of shares (Refer Note 1(g))	12,524,189	-	-	-
Share outstanding at end of period	25,048,378	11,187,501	1,252.42	1,118.75

Preference Shares				
Particulars	Preference Share (No. of Shares)		Preference Share (Value of Shares) (Rs. In Lacs)	
	2011-12	2010-11	2011-12	2010-11
Share outstanding at beginning of period	810,000	2,060,000	810.00	2,060.00
Shares issued during the period	-	-	-	-
Shares Converted into Equity (Refer Note 1(e))	(810,000)	(1,250,000)	(810.00)	(1,250.00)
Share outstanding at end of period	-	810,000	-	810.00

i. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares brought back during the period of five years immediately preceding the reporting period

		31st March 2012	31st March 2011
Equity Shares allotted as fully paid up Bonus shares by capitalisation of reserves		7272921	7272921
Year of Issue	No. of Shares		
2010-11	3,729,167		
2009-10	3,543,754		

j. Shares reserved for issue under option

Shares reserved for issue under ESOP - Refer Note 35

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

Equity Shares

Name of Shareholder	2011-12		2010-11	
	No of Shares	% of Holding	No of Shares	% of Holding
1 Parteek Finance & Inv. Co. Ltd.	5872602	23.45	2936001	26.24
2 Lucrative Leasing Finance & Inv. Co. Ltd.	5639796	22.52	2819898	25.21
3 Samaya Investment & Trading Pvt. Ltd.	3077880	12.29	1538940	13.76
4 Standard Chartered Inv. & Loans (I) Ltd.	2025060	8.08	-	-
5 Rowanhill Investments Ltd.	1359801	5.43	1200424	10.73
6 Mrs. Madhu Singhal	1128414	4.50	564207	5.04

Preference Shares

Name of Shareholder	2011-12		2010-11	
	No of Shares	% of Holding	No of Shares	% of Holding
1 Standard Chartered Private Equity Mauritius Ltd	Nil	-	1030000	50%
2 Standard Chartered Private Equity Mauritius II Ltd	Nil	-	1030000	50%

(Rs. in Lacs)

2 RESERVES & SURPLUS

	31st March 2012		31st March 2011	
a. Capital Reserve				
Balance at the beginning and end of the Financial year	147.51		147.51	
Addition during the year Financial year	-		-	
Deduction during the Financial year	-	147.51	-	147.51
b. Securities Premium Account				
Balance at the Beginning of the Financial year	840.00		-	
Add: Premium on issue of Equity shares on conversion of CCPS and OCD	3,340.38		1,212.92	
Less: Capitalised for Bonus Shares	-	4,180.38	(372.92)	840.00
c. Revaluation Reserve				
Balance at the beginning of the Financial year	201.83		204.57	
Less: Depreciation on revalued amount adjusted	(22.16)	179.67	(2.74)	201.83
d. Share Option Outstanding Account				
Balance at the Beginning of the Financial year	-		-	
Addition during the Financial year	164.55		-	
Less: Written back during the Financial year	-		-	
Less: Deferred employee stock compensation	(55.59)	108.96	-	-
e. Cash Flow Hedge Reserve				
Balance at the Beginning of the Financial year	-		-	
Addition during the Financial year	(492.60)		-	
Less: Written back during the Financial year	-	(492.60)	-	-
f. General Reserve				
Balance at the beginning of the Financial year	4,620.36		3,979.19	
Less: Capitalised for Bonus Shares	-		-	
Add: Transferred during the Financial year	1,005.42	5,625.78	641.17	4,620.36
g. Surplus in Profit & Loss Account				
Balance at the beginning of the Financial year	13,324.98		8,137.89	
Addition during the Financial year	10,054.15		6,411.67	
Less: Transfer to General Reserves	(1,005.42)		(641.17)	
Less: Interim Dividend on Equity Shares @ Rs. 2 per share (Previous Year Rs. Nil)	(500.97)		-	
Less: Proposed Dividend on Equity Shares [Rs. 3 Per share (Previous Year Rs. 4 Per share)]	(751.45)		(500.24)	
Less: Proposed Dividend on Preference Shares [Rs. .01 % (Previous Year .01%)]	(0.01)		(0.08)	
Less: Dividend Distribution Tax on Equity shares	(203.15)		(83.08)	
Less: Dividend Distribution Tax on Preference shares	(0.00)		(0.01)	
		20,918.13		13,324.98
TOTAL		30,667.83		19,134.68

During the year, interim dividend amounting to Rs. 26.02 lacs for financial year 2011-12 & final dividend amounting to Rs. 46.02 lacs for the financial year 2010-11 was paid in foreign currency to one of the shareholder on 1300848 shares and 1150424 respectively.

	Non- Current		Current Maturities	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Bonds/ Debentures				
Nil (Previous Year 29.40 lacs) Zero Coupon Optionally Convertible Debentures (unsecured) of face value of Rs. 100/- each	-	2,940.00	-	-
Term Loans - From Banks and Financial Institutions				
Indian Rupee Loans from Banks (secured)	650.00	1,738.23	1,088.22	1,528.49
Foreign Currency Loans from Banks (secured)	10,238.00	-	-	-
From Financial Institutions (secured)	500.00	1,000.00	500.00	500.00
	11,388.00	2,738.23	1,588.22	2,028.49
Deferred Payment Liabilities				
Interest Free Sales Tax Loan (unsecured)	-	-	-	23.50
	-	-	-	23.50
Deposits (unsecured)				
Directors	134.59	56.48	21.06	87.27
Shareholders	45.91	112.54	79.95	19.40
Others	337.20	51.37	25.86	307.74
	517.70	220.39	126.87	414.41
TOTAL	11,905.70	5,898.62	1,715.09	2,466.40
The above amount includes				
Secured borrowings	12,976.22	4,766.73		
Unsecured borrowings	644.57	3,598.29		
Net Amount	13,620.79	8,365.02		

- a. On 24th October 2009, the Company had issued 29,40,000 Optionally Convertible Debentures (OCD) of Rs. 100/- each to Standard Chartered Investments and Loans (India) Ltd., on preferential basis. The OCD had lock in period of one year from the date of allotment. The OCD were optionally convertible into equity shares within the period of 18 months from the date of allotment as per the terms of issue. The uncovered portion of OCD, if any, shall be redeemed at the end of 18 months or may be further extended by another 18 months, if mutually agreed.
- b. Indian Rupee Loan from Banks includes:
- Loan amounting to Rs. 248.99 lacs outstanding as on 31st March 2012 from State Bank of Bikaner & Jaipur Bank carrying interest rate of BPLR minus 1.25% repayable in balance 4 Quarterly installments of Rs. 62.50 lacs each which would be repaid by March 2013. The loan is secured by first pari passu charge on the fixed assets and second charge on the current assets of the Company. Further, the entire loan sanctioned amounting to Rs. 1750 lacs is guaranteed by personal guarantee of the Chairman and Managing Director (CMD) and Managing Director (MD) of the Company.
 - Loan amount of Rs. 111.10 lacs outstanding as on 31st March 2012 from Axis Bank carrying interest rate of BPLR minus 3.25% would be repaid in June 2012. The loan is secured by first pari passu charge on the existing and future fixed assets and second charge on the current assets of the Company. The loan amount sanctioned amounting to Rs. 2000 lacs is guaranteed by personal guarantee by the Managing Director (MD) of the Company.
 - Loan from HDFC Bank outstanding amounting to Rs. 328.12 lacs carrying interest rate @ HDFC - CPLR plus 0.25 basis points and is repayable in balance 3 Quarterly installments of Rs. 109.37 lacs each. The same would be repaid by December 2012. The loan is secured by first pari passu charge on the fixed assets of the Company. The loan sanctioned amounting to Rs. 1750 lacs is guaranteed by personal guarantee of the Chairman and Managing Director (CMD) and Managing Director (MD) of the Company.
 - Loan from IDBI Bank outstanding amounting to Rs. 225 lacs carrying interest rate of BPLR minus 1.5% and is repayable in 9 Quarterly installments of Rs. 25 lacs which would be repaid by June 2014. The loan is secured by first mortgage and charge on all movable and immovable properties, both present and future of the Company and second charge on the current assets of the Company. Further, the entire loan amount sanctioned amounting to Rs. 500 lacs is guaranteed by irrevocable and unconditional guarantee of Managing Director (MD) of the Company.
 - Loan amounting to Rs. 825 lacs is outstanding from IDBI Bank as on 31st March 2012 which carries interest rate of BPLR minus 1%. This amount is repayable in 11 Quarterly installments of Rs. 75.00 lacs each and the same would be repaid by December 2014. The loan is secured by first pari passu charge on all movable and immovable assets and second charge on the current assets of the Company. Further, the loan sanctioned amounting to Rs. 1500 lacs is guaranteed by personal guarantee of the Managing Director (MD) of the Company.
- c. Foreign Currency Loans includes:
- ECB from Standard Chartered Bank amounting to USD 200 lacs carrying interest rate of 90 days LIBOR plus 2.75% and is repayable in 15 Quarterly installments of USD 13.33 lacs each beginning from April 2013. The loan is secured by first exclusive charge on movable and immovable fixed assets of the Company situated at Jambusar, Gujarat.

- d. Loans from Financial Institutions includes:
Term Loan from Financial Institutions includes loan amounting to Rs. 1000 lacs from EXIM bank at interest on PLR rate, repayable in 8 quarterly installment of Rs. 125 lacs and would be repaid by 31st March 2014. The loan is secured by Pari passu first charge over the entire fixed assets including immovable properties of the Company both present and future (excluding assets, which are exclusively charged to other lenders) and Pari passu second charge over the entire current assets of the Company, pari passu with all the existing lenders, excluding assets exclusively charged to other lenders.
- e. Deferred Tax Sales Tax Loan is Interest Free which was payable in 5 yearly installments of Rs. 23.50 lacs each beginning from 30th May 2006. The last installment was paid on 13th April 2011.
- f. Deposits from Directors, shareholders and others carries interest ranging from 9% to 11% depending upon the amount of deposit. Non- cumulative deposits have a maturity period of two years and are paid interest at the interval of every six months. Cumulative deposits have maturity period of three years and the interest is compounded six monthly.
- g. As on the Balance sheet date there is no default in repayment of loans and interest.

(Rs. in Lacs)

4 DEFERRED TAX LIABILITIES			
		31st March 2012	31st March 2011
Deferred tax assets/ liabilities are attributable to the following items;			
Deferred Tax Assets			
Effects of expenditure debited to P&L account in the current year		324.02	208.09
but allowed for tax purposes in the following year			
Sub- Total (a)		324.02	208.09
Deferred Tax Liabilities			
Difference in depreciation and amortisation in block of fixed assets		3,566.89	3,437.07
as per Income Tax Act and books of accounts & Others			
Sub- Total (b)		3,566.89	3,437.07
Net Deferred Tax Liability (a)-(b)		3,242.87	3,228.98

(Rs. in Lacs)

5 OTHER LONG TERM LIABILITIES			
		31st March 2012	31st March 2011
Other Payables			
Security Deposits from Dealers		998.19	886.66
Security Deposits from Contractors		16.75	13.15
Miscellaneous payables		44.92	44.92
TOTAL		1,059.86	944.73

(Rs. in Lacs)

6 PROVISIONS				
	Non- Current		Current	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Provision for Employee Benefits				
Leave Encashment	176.96	136.89	42.60	30.35
Gratuity	-	-	128.45	83.20
	176.96	136.89	171.05	113.55
Other Provisions				
Provision for Income Tax [Net of Advance Tax of Rs. 7231.77 Lacs (Previous Year Rs. 3,441.07 Lacs)]			580.39	501.39
Provision for Proposed Dividend on Equity Shares			751.45	500.24
Provision for Proposed Dividend on Preference Shares			0.01	0.08
Provision for Dividend Distribution Tax			121.89	83.10
	-	-	1,453.74	1,084.81
TOTAL	176.96	136.89	1,624.79	1,198.36

(Rs. in Lacs)

7 SHORT TERM BORROWINGS		
	31st March 2012	31st March 2011
Loans Repayable on Demand		
Working Capital Loans from Banks (secured)	6,846.94	10,819.47
Inter- Corporate Deposits (unsecured)		
- From Promoter Companies	115.00	190.00
- From Subsidiary Companies	255.00	60.00
	7216.94	11069.47
Other Loans and Advances		
Packing Credit Foreign Currency Loan (unsecured)	4,095.92	4,458.24
	4,095.92	4,458.24
TOTAL	11,312.86	15,527.71
The above amount includes		
Secured Borrowings	6,846.94	10,819.47
Unsecured Borrowings	4,465.92	4,708.24

- a. Working capital loans are secured by way of first charge on pari passu basis by hypothecation of stocks of raw materials, finished and semi finished goods, stores and spares not related to plant and machinery, bills receivable, book debts and all other movable properties and additionally secured by way of second charge on all the immovable properties of the Company in favour of the consortium bankers.
- b. The working capital loans were secured by personal guarantee of the directors of the Company till 31st March 2011. The same does not carry any guarantee as on the reporting date.

(Rs. in Lacs)

8 TRADE PAYABLES		
	31st March 2012	31st March 2011
Trade Payables		
-Due to micro and small enterprises (Refer note 44)	351.06	322.77
-Other Trade Payables*	9,287.56	10,247.53
TOTAL	9,638.62	10,570.30

* Other Trade payable includes amount due to Subsidiary companies amounting to Rs. 62.24 lacs(Previous Year Rs. 31.04 lacs)

(Rs. in Lacs)

9 OTHER CURRENT LIABILITIES		
	31st March 2012	31st March 2011
Current maturities of long-term debt (Refer Note 3)	1,715.09	2,466.40
Project Vendors	338.35	539.73
Security Deposits Contractors	31.75	29.04
Interest accrued but not due on borrowings	165.05	82.40
Income received in advance/ Customer advances	3,173.12	1,319.57
Unpaid dividends*	6.62	2.07
Other payables		
- Employee Balances	995.57	815.78
- Statutory Dues Payable	424.67	540.12
- Miscellaneous Payable	1,499.82	1,756.52
Hedge Liability	492.60	-
TOTAL	8,842.64	7,551.63

* The amount does not include amount due/ outstanding to be credited to Investor Education & Protection Fund, same shall be credited as and when due.

10 TANGIBLE ASSETS

	Leasehold land	Freehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equip-ments	Vehicles	Library	Tools and Equipment	Total
Gross Carrying Value										
As at 1st April 2010	661.48	235.53	2,329.67	24,776.53	184.65	335.64	234.97	98.32	2.66	28,859.45
Additions	-	-	608.28	5,833.73	13.82	14.50	4.09	1.84	-	6,476.26
Disposals	-	-	-	(36.73)	(0.65)	-	(23.58)	-	-	(60.96)
Other Adjustments	-	-	-	-	-	-	-	-	-	-
'- Exchange Difference	-	-	-	-	-	-	-	-	-	-
'- Borrowing Costs	-	-	8.37	118.45	-	-	-	-	-	126.82
'- Stores & Spares	-	-	-	51.55	-	-	-	-	-	51.55
'- Other Expenses including Salary	-	-	13.72	142.53	-	-	-	-	-	156.25
As at 31st March 2011	661.48	235.53	2,960.04	30,886.06	197.82	350.14	215.48	100.16	2.66	35,609.37
Additions	1,519.51	-	561.74	3,977.44	73.08	89.98	2.34	-	-	6,224.09
Disposals	-	-	(79.57)	(59.71)	(70.55)	(52.36)	(19.85)	-	(2.66)	(284.70)
Transfer on account of discontinued operation	-	-	(85.03)	(1,274.78)	(1.93)	(2.35)	-	(0.36)	-	(1,964.45)
Other Adjustments	-	-	-	-	-	-	-	-	-	-
'- Exchange Difference	-	-	-	15.21	-	-	-	-	-	15.21
'- Borrowing Costs	-	-	-	46.39	-	-	-	-	-	46.39
'- Stores & Spares	-	-	-	245.41	-	-	-	-	-	245.41
'- Other Expenses including Salary	-	-	-	310.27	-	-	-	-	-	310.27
As at 31st March 2012	2,180.99	235.53	3,357.18	34,146.29	198.42	385.41	197.97	99.80	-	40,801.59
Depreciation										
As at 1st April 2010	3.29	-	612.05	7,835.29	111.04	237.75	180.96	71.49	-	9,051.87
Charge for the year	0.42	-	54.51	1,426.17	14.14	13.86	14.57	2.86	-	1,526.53
Disposals	-	-	-	(14.62)	(0.57)	-	(20.26)	-	-	(35.45)
As at 31st March 2011	3.71	-	666.56	9,246.84	124.61	251.61	175.27	74.35	-	10,542.95
Charge for the year	0.41	-	88.20	1,557.23	16.05	16.66	10.39	2.58	-	1,691.52
Disposals	-	-	(11.02)	(22.88)	(56.25)	(42.25)	(16.91)	-	-	(149.31)
Transfer on account of discontinued operation	-	-	(25.33)	(483.69)	(0.99)	(1.50)	-	(0.26)	-	(511.77)
As at 31st March 2012	4.12	-	718.41	10,297.50	83.42	224.52	168.75	76.67	-	11,573.39
Net Carrying Value										
As at 31st March 2011	657.77	235.53	2,293.48	21,639.22	73.21	98.53	40.21	25.81	2.66	25,066.42
As at 31st March 2012	2,176.87	235.53	2,638.77	23,848.79	115.00	160.89	29.22	23.13	-	29,228.20

a. The Company revalued Tangible assets on 30th June 1988, at fair values determined by an independent external valuer. The valuer determined the fair value by reference to market based evidence.

b. Depreciation for the year includes depreciation amounting to Rs. 38.62 lacs (Previous Year Rs. 37.89 lacs) on assets used for Research & Development. During the year Company incurred Rs. 50.32 lacs (Previous Year Rs. Nil) towards capital expenditure for Research & Development (Refer Note 28)

c. Amount transferred on account of exchange difference, borrowing costs and other administrative costs have been transferred from Capital Work in progress.

d. Addition to Building includes Leasehold improvement of Rs. 358.85 (Previous Year Nil)

11 CAPITAL WORK IN PROGRESS & INTANGIBLES ASSETS UNDER DEVELOPMENT

	Amount of Capital Work in progress	Intangible Assets under Development
As at 31st March 2010	863.54	-
Additions	7,603.67	70.77
Amount transferred from CWIP	(6,171.53)	-
Other Adjustments*		
'- Exchange Difference	-	-
'- Borrowing Costs	119.78	-
'- Stores & Spares	262.70	-
'- Other Expenses including Salary	458.10	-
As at 31st March 2011	3,136.26	70.77
Additions	8,896.03	252.54
Amount transferred from CWIP	(5,180.43)	-
Other Adjustments*		
'- Exchange Difference	124.32	-
'- Borrowing Costs	154.75	-
'- Stores & Spares	81.64	-
'- Other Expenses including Salary	564.34	-
As at 31st March 2012	7,776.91	323.31

* Refer Note No. 38

(Rs. in Lacs)

12 INTANGIBLE ASSETS

	Software
Gross Carrying Value	
As at 1st April 2010	262.79
Additions	39.60
Disposals	-
As at 31st March 2011	302.39
Additions	105.09
Disposals	-
Transfer on account of discontinued operation	-
As at 31st March 2012	407.48
Depreciation	
As at 1st April 2010	151.74
Charge for the year	35.26
Disposals	-
As at 31st March 2011	187.00
Charge for the year	41.57
Disposals	-
Transfer on account of discontinued operation	-
As at 31st March 2012	228.57
Net Carrying Value	
As at 31st March 2011	115.39
As at 31st March 2012	178.91

13 NON CURRENT INVESTMENTS			
		31st March 2012	31st March 2011
Long Term Investments (At cost) : Non Trade			
Unquoted Shares (Equity)			
1	a) Panoli Enviro Technology Ltd.	3.00	3.00
	30,000 (Previous Year 30,000) Equity Shares of Rs.10/- each fully paid		
	b) Bharuch Enviro Infrastructure Ltd.	0.21	0.21
	2,100 (Previous Year 2,100) Equity Shares of Rs.10/- each fully paid		
	c) Bharuch Eco-Aqua Infrastructure Ltd.	44.43	44.43
	4,44,339 (Previous Year 4,44,339) Equity Shares of Rs.10/- each fully paid		
	d) Angan Apartment Co-opt Hsg. Society Ltd (Services) Bharuch	0.01	0.01
	5 (Previous Year 5) Equity Shares of Rs.50/- each fully paid		
	e) Abhilasha Tower Co-operative Service Housing Society Ltd.	0.02	0.02
	10 (Previous Year 10) Equity Shares of Rs. 250/- each fully paid		
	TOTAL	47.67	47.67
2	Investment in wholly-owned subsidiary		
	PILL Finance & Investment Limited	36.00	36.00
	3,60,000 (Previous Year 3,60,000) Equity Shares of Rs. 10/- each fully paid		
	PI Life Science Research Limited	94.50	94.50
	945,000 (Previous Year 945,000) Equity Shares of Rs.10/- each fully paid		
	PI Japan Company Limited	18.60	18.60
	100 (Previous Year - 100) Equity Shares of Rs.18600/- each fully paid - (JPY 50,000/- each)		
		149.10	149.10
	TOTAL	196.77	196.77
	Aggregate book value of Quoted Investments	NIL	NIL
	Aggregate book value of Un-Quoted Investments	196.77	196.77

14 LOANS AND ADVANCES					
		Non- Current		Current	
		31st March 2012	31st March 2011	31st March 2012	31st March 2011
Capital Advances (Unsecured)					
	Considered good	1,508.15	1,497.76	-	-
	Doubtful	0.55	-	-	-
	Less: Allowance for Doubtful Capital Advances	(0.55)	-	-	-
	A	1,508.15	1,497.76	-	-
Security Deposits (Unsecured)					
	Considered good*	354.67	290.14	35.15	92.15
	Doubtful	-	-	-	-
	B	354.67	290.14	35.15	92.15
Loans and advances to related parties (unsecured)					
	Considered good (Refer Note 40)	-	-	11.46	31.00
	C	-	-	11.46	31.00
Other Loans and advances (Unsecured)					
	Advances to Vendors, considered good	-	-	1,227.99	732.58
	Advances to Vendors, Doubtful	-	-	246.74	38.50
	Less: Allowance for Doubtful advances	-	-	(246.74)	(38.50)
	Balance with Central Excise Authorities, Customs etc.	-	-	805.86	816.10
	Prepaid Expenses	-	-	111.63	146.61
	Employee Advances	-	40.00	84.70	12.28
	Other Statutory Advances	8.48	-	1,169.70	647.07
	Other Miscellaneous Advances	35.96	48.99	489.33	662.09
	D	44.44	88.99	3,889.21	3,016.73
	TOTAL (A+B+C+D)	1,907.26	1,876.89	3,935.82	3,139.88

* Includes Rs. 0.50 lacs (Previous Year Rs. 0.50 lacs) rent deposit to PILL Finance & Investment Ltd.

(Rs. in Lacs)

15 OTHER ASSETS	Non- Current		Current	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Interest and Other charges recoverable from customers- Good	-	-	190.29	126.95
Interest and Other charges recoverable from customers- Doubtful	-	-	64.51	54.68
Less: Allowance for Interest and other charges recoverable from customers	-	-	(64.51)	(54.68)
Deposits lodged with Excise & Sales Tax department*	162.37	139.82	-	-
TOTAL	162.37	139.82	190.29	126.95

*Deposits includes Rs. 158.77 lacs (Previous Year Rs. 139.82 lacs) towards security deposit lodged with the Rajasthan excise department and Rs. 3.60 lacs (Previous Year Rs. Nil) lodged with Commercial Taxes Kottayam.

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: Rs.162.37 lacs (Previous Year Rs. 139.82 lacs); and Fixed deposits upto 3 months maturity from date of acquisition: Rs. NIL (Previous Year Rs. NIL)

(Rs. in Lacs)

16 INVENTORIES	31st March 2012	31st March 2011
(Valued at lower of cost and net realizable value)		
Raw Materials and Packing Materials [(includes Stock-in-Transit Rs. 322.42 lacs (Previous Year Rs. 87.13 lacs)	4,730.79	5,209.13
Work in Progress	4,636.50	3,085.28
Finished Goods, including By - products.	5,881.12	4,338.36
Traded Goods	733.93	468.05
Stores & Spares, Laboratory Chemicals & Apparatus	1,892.79	997.18
TOTAL	17,875.13	14,098.00

(Rs. in Lacs)

17 TRADE RECEIVABLES	31st March 2012	31st March 2011
Unsecured, considered good unless stated otherwise		
Debts outstanding for a period exceeding six months from the date they are due for payment		
-Considered Good	163.83	196.78
-Doubtful	194.23	143.39
	358.06	340.17
Less: Allowance for Doubtful Debts	(194.23)	(143.39)
A	163.83	196.78
Others Debts		
-Considered Good	17,023.07	17,279.79
-Doubtful	8.42	6.33
	17,031.49	17,286.12
Less: Allowance for Other Doubtful Debts	(8.42)	(6.33)
B	17,023.07	17,279.79
TOTAL (A+B)	17,186.90	17,476.57

(Rs. in Lacs)

18 CASH AND BANK BALANCES	31st March 2012	31st March 2011
Cash & Cash Equivalents		
- Balance with banks:		
On Current Accounts	383.62	388.58
- Cash on hand:	5.89	8.53
Other Bank Balances		
In Deposit accounts held as margin money*	366.55	277.75
In Unpaid Dividend Accounts **	6.62	2.07
TOTAL	762.68	676.93

* Deposit account includes Rs. 366.55 Lacs (Previous Year Rs.277.75 lacs) towards margin money pledged with banks for Bank Guarantees and Letter of Credit.

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: Rs.366.55 lacs (Previous Year Rs. 277.75 lacs); and Fixed deposits upto 3 months maturity from date of acquisition: Rs. NIL (Previous Year Rs. NIL)

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

(Rs. in Lacs)

19 REVENUE FROM OPERATIONS	31st March 2012	31st March 2011
Revenue from Operations includes		
a) Sale of products;		
Finished Goods	94,839.39	79,419.90
Traded Goods	5,032.54	3,947.01
	99,871.93	83,366.91
b) Sale of services;	-	5.64
	-	5.64
c) Other operating Revenues;		
Scrap Sales	60.61	44.92
Others*	151.48	189.98
	212.09	234.90
Revenue From Operations (Gross) (a+b+c)	100,084.02	83,607.45
Less: Excise Duty;	4,593.97	4,619.19
Less: Discount	7,781.00	7,155.18
Revenue From Operations (Net)	87,709.05	71,833.08
d) Details of products sold		
	31st March 2012	31st March 2011
(i) Finished goods sold		
Specialty Chemicals	37,712.52	23,046.95
Agro Chemicals	51,879.24	44,054.76
Plant Nutrient	5,076.28	4,992.07
Polymer	124.16	7,277.18
Others	47.19	48.94
	94,839.39	79,419.90
(ii) Traded Goods Sold		
Agro Chemicals	4,319.70	2,272.62
Others	712.84	1,674.39
	5,032.54	3,947.01
(iii) Details of services rendered		
Job Work	-	5.64
	-	5.64

* Other operating revenue includes Export incentive of Rs. 104.03 lacs (Previous Year Rs. 189.98 Lacs)

20 OTHER INCOME		31st March 2012	31st March 2011
Income from Long term Investment			
Dividend Income from Long Term Investment		0.02	0.02
Income from Short term Investment			
Interest Income;			
- Margin Money Deposits		43.47	16.75
- Others		368.73	259.52
Other Non-operating Income		106.84	39.11
Exchange Gain		-	735.13
TOTAL		519.06	1,050.53

(Rs. in Lacs)

21 COST OF RAW MATERIAL AND PACKING MATERIAL CONSUMED		31st March 2012	31st March 2011
Details of Raw material and packing material consumed			
Basic Chemicals		21,292.09	16,231.87
Active Ingredients		9,561.55	8,421.45
Solvent		4,761.06	3,078.79
Packaging Material		3,294.50	5,595.54
Catalyst & Emulsifiers		1,347.30	968.57
Others		8,411.56	7,441.83
TOTAL		48,668.06	41,738.05
Details of Inventory			
Basic Chemicals		1,990.06	2,364.61
Packaging Material		1,096.66	1,028.59
Active Ingredients		1,018.51	837.45
Solvent		263.15	229.03
Catalyst & Emulsifiers		252.45	218.84
Others		109.96	530.61
TOTAL		4,730.79	5,209.13

(Rs. in Lacs)

22 (INCREASE)/DECREASE IN INVENTORY		31st March 2012	31st March 2011
Inventories at the end of the year			
Finished Goods		5,881.12	4,338.36
Traded Goods		733.93	468.05
Work in Process		4,636.50	11,251.55
Inventories at the beginning of the year			
Finished Goods		4,338.36	2,925.61
Traded Goods		468.05	237.07
Work in Process		3,085.28	7,891.69
TOTAL		(3,359.86)	(2,950.75)

(Rs. in Lacs)

a) Details of Purchases of Traded Goods		31st March 2012	31st March 2011
Agro Chemicals		3,540.17	1,851.83
Others		359.85	1,412.73
TOTAL		3,900.02	3,264.56
b) Details of Inventory			
Traded Goods		31st March 2012	31st March 2011
Agro Chemicals		720.08	454.20
Others		13.85	13.85
TOTAL		733.93	468.05
Work In Progress		31st March 2012	31st March 2011
Agro Chemicals		1,419.58	417.63
Speciality Chemicals		3,116.73	2,580.34
Plant Nutrient		100.19	81.71
Polymer		-	5.60
TOTAL		4,636.50	3,085.28
Finished Goods		31st March 2012	31st March 2011
Agro Chemicals		4,284.64	2,393.65
Speciality Chemicals		359.32	771.82
Plant Nutrients		246.56	208.92
Polymer		-	501.45
Others		990.60	462.52
TOTAL		5,881.12	4,338.36

(Rs. in Lacs)

23 EMPLOYEE BENEFIT EXPENSES		31st March 2012	31st March 2011
Salaries, Wages and Bonus		6,042.23	5,047.98
Contribution to Provident & other funds		356.83	375.91
Gratuity and Leave encashment expenses (Refer Note 34)		223.77	150.84
Employees Welfare Expenses		285.34	246.34
Expense on Employee Stock Option Scheme (Refer Note 35)		108.95	-
TOTAL		7,017.12	5,821.07

24 OTHER EXPENSES	31st March 2012	31st March 2011
Power, Fuel & Water	3,616.37	2,672.55
Stores & Spares Consumed	848.18	514.42
Repairs & Maintenance to :		
- Buildings	37.72	43.93
- Plant & Machinery	280.36	184.39
- Other Repairs	195.49	181.07
Environment & Pollution Control expenses	2,986.28	2,025.75
Laboratory & Testing Charges	341.46	304.98
Freight & Cartage	2,030.63	1,744.28
Advertisement & Sales Promotion	2,228.76	1,555.14
Travelling & Conveyance	1,672.52	1,426.30
Exchange Difference	448.07	-
Rent	373.51	280.39
Rates, Taxes & Fees	176.91	119.57
Insurance	153.33	104.31
Donation	17.08	6.48
Loss On Sale of Fixed Assets (Net)	128.62	3.97
Auditor's Remuneration	15.76	16.21
Communication Expenses	197.27	149.99
Bad debts written off (Net)	1.81	0.68
Provision for Bad and Doubtful debts & Advances	379.08	169.31
Director Sitting Fees	37.00	5.80
Legal & Professional Expenses	391.54	311.83
Commission on sale	-	75.77
Bank Charges	157.38	177.22
Prior period expenses	3.74	0.28
Miscellaneous Expenses	658.58	533.13
TOTAL	17,377.45	12,607.75

a. Travelling Expenditure includes Directors Travelling amounting to Rs. 174.75 lacs (Previous Year Rs. 114.51 lacs)

b. Auditors' Remuneration	31st March 2012	31st March 2011
-Audit Fees	10.00	10.00
-Tax Audit Fees	1.50	1.50
-Certificates & other matters	0.55	1.18
-Reimbursement of expenses	3.71	3.53
TOTAL	15.76	16.21

(Rs. in Lacs)

25 EXCEPTIONAL ITEM	31st March 2012	31st March 2011
Income from sale of polymer Business	3,034.28	-
TOTAL	3,034.28	-

During the year, the Company has disposed off its Polymer compounding business on slump sale basis to M/s Rhodia Polymers Ltd. as a going concern. The net gain of Rs. 3034.28 lacs is shown as an exceptional item in the Profit & Loss account.

(Rs. in Lacs)

26 DEPRECIATION AND AMORTIZATION EXPENSES			
		31st March 2012	31st March 2011
Depreciation on Tangible Assets		1,691.53	1,526.55
Depreciation on Intangible Assets		41.57	35.26
		1,733.10	1,561.81
Less: Recoupment from revaluation reserve		(22.16)	(2.74)
TOTAL		1,710.94	1,559.07

(Rs. in Lacs)

27 FINANCE COST			
		31st March 2012	31st March 2011
Interest			
On Fixed Loans		692.51	687.29
On Working Capital		1,098.16	1,026.44
Others		139.30	56.57
Other Borrowing Costs		45.92	89.90
Exchange Difference		35.03	-
TOTAL		2,010.92	1,860.20

(Rs. in Lacs)

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				
		31st March 2012	31st March 2011	
Employee Benefit Expenses				
Salaries, Wages & Bonus		329.83	283.55	
Contributions to Provident & other funds		28.94	28.07	
Employee Welfare Expenses		8.07	5.22	
		366.84	316.84	
Raw & Packing Materials Consumed		33.09	15.56	
Other Expenses				
Laboratory & testing Material		87.08	107.83	
Power, Fuel & Water		10.46	9.42	
Stores & Spares Consumed		37.30	23.76	
Testing & Analysis		2.19	2.80	
Travelling & Conveyance		20.97	25.96	
Rates, Taxes & Fees		0.37	1.53	
Printing & Stationery		1.90	0.59	
Legal & Professional Charges		9.04	5.63	
Miscellaneous Expenses		4.44	6.24	
		173.75	183.76	
Depreciation				
Depreciation		38.62	37.89	
TOTAL		612.30	554.05	
b) Capital Expenditure				
Description		31st March 2011	Addition during the year	31st March 2012
Buildings		18.12	-	18.12
Equipments & Others		834.05	50.32	884.37
TOTAL		852.17	50.32	902.49

29 In the opinion of the management and to the best of their knowledge and belief, the value on realisation of loans, advances and other current assets, in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet and provisions has been made for all known liabilities.

30 DISCONTINUED OPERATIONS

The Company has entered into a Business Transfer Agreement on 20th December, 2010 for selling its polymer division as a going concern on slump sale basis for net sale consideration of Rs. 6,659.63 lacs This transaction was concluded on 11th April 2011. The Company recognised profit of Rs. 2,279.18 lacs (Net of taxes) on account of sale of the business.

The Additional Disclosure as per AS-24, issued pursuant to the Companies(Accounting Standards) Rules 2006, is set out below:

The following statement shows the revenue and expenses of Discontinued operations for the year ended 31st March 2012 and 2011 respectively

Particulars	(Rs. in Lacs)	
	Discontinued Operations	Discontinuing Operations
	11th April 2011	31st March 2011
Gross Sales	124.16	8,124.67
Operating Expense	127.63	7,456.27
Pre-Tax profit (loss) from operating activities	(3.47)	668.40
Interest expense	-	116.72
Profit (loss) before Tax	(3.47)	551.68
Income Tax expense	(0.45)	205.85
Profit (loss) after Tax	(3.02)	345.83

The carrying amount of total assets and liabilities pertaining to the business are as follows:

Particulars	(Rs. in Lacs)	
	As at	
	11th April 2011	31st March 2011
Total Assets	4,474.55	4,470.88
Total Liabilities	1,111.98	1,045.38

As on 31st March 2012 the carrying amount of Assets and liabilities of discontinued business is Rs. Nil

Cash Flow Disclosure Related to Discontinued Operations

Particulars	(Rs. in Lacs)	
	As at	
	11th April 2011	31st March 2011
Cash Flow from operations	(1.39)	736.42
Net Working Capital Changes	(233.29)	(528.73)
Net Cash flow from Operating Activities	(234.68)	207.69
Net Cash flow from Investing Activities	(2.96)	(20.88)
Net Cash flow from Financing Activities	66.40	(116.72)
Net Cash inflow/ (outflow)	(171.24)	70.09

31 EARNING PER SHARE

	31st March 2012	31st March 2011
a) Net Profit for Basic & Diluted EPS	10,054.15	6,411.59
b) Number of Equity Shares at the beginning of the year	11,187,501	7,087,508
Add: Bonus Shares issued during the period ended 31st March 2011	-	3,729,167
Add: Partial conversion of Compulsorily Convertible Preference Shares into Equity Shares during the year 2010-11	-	370,826
Add: Conversion of CCPS and OCD into Equity Shares during the year	1,336,688	-
Add: Sub-division of Equity Shares @ Rs 5 each	12,524,189	11,187,501
Total Number of shares outstanding at the end of the year	25,048,378	22,375,002
Weighted average number of Equity Shares outstanding during the year - Basic	24,968,031	22,292,709
Weighted average number of Equity shares arising out of outstanding Compulsorily Convertible Preference Shares and Optionally Convertible Debentures that have dilutive effect on EPS	87,019	2,636,790
Weighted Average number of Equity Shares arising out of grant of Employee Stock option	95,605	-
Weighted average number of Equity Shares outstanding during the year - Diluted	25,150,655	24,929,499
Earning Per Share - Basic (Rs.)	40.27	28.76
Earning per share - Diluted (Rs.)	39.98	25.72
Face value per share (Rs.)	5/-	10/-

*Pursuant to the approval of the shareholders in their meeting held on 16th July 2011, the Company has sub-divided the existing equity shares of Rs. 10/- each fully paid up into 2 equity shares of Rs. 5/- each. Further, in accordance with Accounting Standard (AS-20), the earning per share for the current and comparative period has been recomputed after adjusting for the sub-division of the shares.

32 NOTE ON AS 30 ADOPTION

The Company has adopted Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurement". Based on the Recognition and Measurement principles set out in AS 30, changes in the fair values of derivative financial instruments, the net foreign exchange exposure over a period of one year against the committed order in hand hedged through forward contracts, are designated as effective cash flow hedges and marked to market loss/gain arising on said foreign currency instruments are transferred to "Cash Flow Hedge Reserve" directly in the Balance Sheet under Reserves & Surplus and later the same is reclassified into Profit & Loss account upon the occurrence of the hedging transaction. Accordingly marked to market loss of Rs. 492.60 lacs arising on foreign currency instruments qualifying for hedge accounting as on 31st March 2012 has been transferred to Cash Flow Hedge Reserve Account.

33 NOTE ON ADOPTION OF REVISED SCHEDULE VI

These financial Statements comprising the balance sheet and statement of profit and loss and notes have been prepared in accordance with Revised Schedule VI which has been made applicable for financial year commencing on or after 1st April, 2011, vide MCA's notification no. S.O. 653(E) dated 30th March, 2011.

34 GRATUITY & LEAVE ENCASHMENT

As per Accounting Standard (AS)- 15 "Employee Benefits", the disclosure of employee benefits as defined in the accounting standard is given below:

a) Defined Contribution Plans:-

The Company has recognised an expense of Rs. 356.83 Lacs (Previous Year Rs. 375.91 lacs) towards the defined contribution plan.

(Rs. in Lacs)

b) Defined benefits plans - as per actuarial valuation

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Non-Funded	Funded	Non-Funded
	Rs./Lacs	Rs./Lacs	Rs./Lacs	Rs./Lacs
I Change in present value of obligation during the year				
1 Present value of obligation at the beginning of the year	405.62	167.24	324.81	147.95
2 Current Service Cost	64.00	51.09	49.32	36.10
3 Interest Cost	34.48	14.21	25.98	11.83
4 Past Service Cost	-	-	51.78	-
5 Net Actuarial (Gain)/Loss	49.38	31.80	10.72	(1.55)
6 Benefits Paid	(52.84)	(44.78)	(56.99)	(27.09)
7 Present Value of obligation as at year-end	500.64	219.56	405.62	167.24

Particulars	2011-12		2010-11		
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	
	Funded	Non-Funded	Funded	Non-Funded	
	Rs./Lacs	Rs./Lacs	Rs./Lacs	Rs./Lacs	
II Changes in Fair Value of Plan Assets during the year					
1	Plan assets at the beginning of the year	322.42	-	346.50	-
2	Expected return on plan assets	27.41	-	27.72	-
3	Actuarial Gain/(Loss) on plan assets	(8.00)	-	5.19	-
4	Employer's contribution	83.20	-	-	-
5	Benefits paid	(52.84)	-	(56.99)	-
6	Plan assets at the end of the year	372.19	-	322.42	-
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets					
1	Present Value of obligation as at year-end	500.64	219.56	405.62	167.24
2	Fair value of plan assets at year-end	372.19	-	322.42	-
3	Funded status {(Surplus/Deficit)}	(128.45)	(219.56)	(83.20)	(167.24)
4	Net Asset/(Liability)	(128.45)	(219.56)	(83.20)	(167.24)
IV Expenses recognised in the Profit and Loss Account					
1	Current Service Cost	64.00	51.09	49.32	36.10
2	Interest Cost	34.48	14.21	25.98	11.83
3	Past service Cost	-	-	51.78	-
4	Expected return on plan assets	(27.41)	-	(27.72)	-
5	Net Actuarial (Gain)/Loss	57.38	31.80	5.53	(1.55)
6	Total Expense	128.45	97.10	104.89	46.38
V Actuarial Assumptions					
1	Discount Rate	8.50%	8.50%	8.00%	8.00%
2	Expected rate of return on plan assets	8.50%	-	8.00%	-
3	Mortality Table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96) duly modified	LIC (1994-96) duly modified
4	Salary Escalation	6.00%	6.00%	5.50%	5.50%

35 EMPLOYEE STOCK OPTION PLANS

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 21st January, 2011 and is administered through independent trust. During the year, Compensation Committee of the Board granted following options under PII ESOP 2010 Scheme to certain category of employees as per criteria laid down by Compensation Committee of the Board.

	Loyalty Options	Performance Options
Date of Grant	2nd April 2011	2nd April 2011
Options Granted (No. of Shares)	1,99,000*	1,64,836*
Exercise price # (per share)	Rs. 233.88*	Rs. 263.12*
Vesting Period	1-2 Years	1-4 Years
Exercise period	6 years from the date of vesting of options	6 years from the date of vesting of options

* Post Split

arrived at discount to the closing market price of company share at BSE prior to the date of grant

The details of exercise price for stock option outstanding at the end of the year:

	2011-12		2010-11	
	No. of options	Weighted average exercise price (Rs.)	No. of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	363836	247.13	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	363836	247.13	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life of outstanding options (in Years)		7.08		-
Weighted average fair value of options granted (per share)		172.35		-

The details of Exercise Price for stock options outstanding at the end of the year

Range of Exercise price	2011-12			2010-11		
	No. of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise price	No. of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise price
PII ESOP 2010 PLAN						
200-300	363836	7.08	247.13	-	-	-

Methods and Assumptions used to estimate the fair value of options granted during the year:

2011-12

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

The assumptions used in the model are as follows:

Variables		Loyalty Option- 2nd April 2011	Performance Options- 2nd April 2011
1	Risk Free Interest rate	7.42%	7.42%-7.67%
2	Expected Life	4 years- 5 years	4 years- 7 years
3	Expected Volatility	56.54% - 56.77%	56.54% - 66.65%
4	Dividend Yield	0.68%	0.68%
5	Price of the underlying share in market at the time of the option granted (Rs.)	292.35	292.35

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2011-12 is Rs. 108.95 lacs. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2011-12 would be Rs 369.93 lacs. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro- Forma Adjusted Net Income and Earning per share

Particulars	Rs. in Lacs
Net Income as reported	10,054.15
Add: Intrinsic Value Compensation Cost	108.95
Less: Fair Value Compensation cost	(369.93)
Adjusted Pro Forma Net income	9,793.17
Earning Per Share: Basic	
As Reported	40.27
Adjusted Pro Forma	39.22
Earning Per Share: Diluted	
As Reported	39.98
Adjusted Pro Forma	38.94

(Rs. in Lacs)

36 CAPITAL & OTHER COMMITMENT

	31st March 2012	31st March 2011
a. Estimated Amount of Contracts remaining to be executed on capital account and not provided for (Net of advances) is Rs. 6,643.48 (Previous Year Rs. 1,456.19 lacs)	6,799.26	1,456.19
b. Bank Guarantees	379.83	250.88
c. Letter of Credit	1,680.49	3,270.62

37 LEASES

The Company is a lessee under various operating leases. Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	(Rs. in Lacs)	
	31st March 2012	31st March 2011
- Payable within one year	608.88	408.87
- Later than one year and not later than five years	1,510.44	887.13
- Later than five years	642.16	-
- Lease payments recognised in P&L account	501.60	355.13

The Company has entered a lease agreement with some of the parties for lease for the corporate office. The lease rent would be increased by 12.5% after every 3 years.

38 CAPITALISATION OF EXPENDITURE

Pre-operative expenditure capitalised as a part of Fixed Assets and carried forward is as under:

	(Rs. in Lacs)	
	31st March 2012	31st March 2011
A. Brought forward from the earlier year	706.43	200.51
B. Expenditure incurred during the year:		
Staff Costs	432.67	289.91
Other Expenses	360.38	127.99
Interest and commitment charges	154.75	119.78
Stores Consumption	105.47	302.86
Exchange Difference	124.32	-
	1177.59	840.54
C. Capitalised as part of:		
Plant & Machinery	617.28	307.96
Building	-	26.66
	617.28	334.62
D. Carried forward as part of capital work in progress	1266.74	706.43

39 SEGMENT INFORMATION				
a) Primary Segment Information (Business Segments)				
	Particulars	Chemicals	Others	Total
1	Revenue			
	External Revenue (Gross)	100,478.91	124.16	100,603.07
		(76,533.32)	(8,124.67)	(84,657.99)
	Inter Segment Revenue	-	-	-
		-	-	-
	Segment Revenue Total	100,478.91	124.16	100,603.07
		(76,533.32)	(8,124.67)	(84,657.99)
2	Segment Result	12,505.63	(3.47)	12,502.16
		(9,898.64)	(668.55)	(10,567.19)
	Segment Result Total	12,505.63	(3.47)	12,502.16
		(9,898.64)	(668.55)	(10,567.19)
	Profit before Interest, etc, and taxation			
	Less: Interest			2,010.92
				(1,860.20)
	Add: Interest Income			412.20
				(276.27)
	Add: Dividend Income			0.02
				(0.02)
	Profit / (Loss) before Tax			10,903.46
				(8,983.28)
3	Segment Assets	79,724.55	-	79,724.55
		(61,652.47)	(4,468.18)	(66,120.65)
4	Segment Liabilities	47,804.30	-	47,804.30
		(43,818.54)	(1,238.68)	(45,057.22)
5	Capital Expenditure			
	Total Cost incurred during the year to acquire segment assets	16,693.04	-	16,693.04
		(14,966.89)	(84.36)	(15,051.25)
6	Depreciation			
	Segment Depreciation	1,708.86	2.08	1,710.94
		(1,491.05)	(68.02)	(1,559.07)
7	Non Cash Expenses			
	Segment non-cash expenses other than depreciation/ amortisation	509.37	0.14	509.51
		(173.24)	(0.72)	(173.96)
	Unallocable Non-cash expenses			-
				(22.44)
	Total Non-cash expenses			509.51
				(196.40)

(Previous Year figures are given in bracket)

(Rs. in Lacs)

b) Secondary Segment information (Geographical Segments)		31st March 2012	31st March 2011
1	Segment Revenue		
	- Within India	61,138.03	59,007.07
	- Outside India	39,465.04	25,650.92
	Total Revenue	100,603.07	84,657.99
2	Segment Assets*		
	- Within India	66,735.32	56,896.32
	- Outside India	12,989.23	9,224.33
	Total Assets	79,724.55	66,120.65

* Segment Assets outside India is entirely related to Sundry Debtors.

40 RELATED PARTY DISCLOSURES

Related party disclosure, as required by Accounting Standard-18, is as below:

a) List of Related Parties

i Where control exists during the year:

Subsidiaries - (a) PILL Finance and Investments Ltd, (b) PI Life Science Research Ltd. and (c) PI Japan Co.Ltd.

ii Enterprises in respect of which reporting enterprise is an associate:

(a) Lucrative Leasing Finance and Investment Company Ltd; (b) Parateek Finance and Investment Company Ltd;

iii Key Managerial Personnel & their relatives (KMP):

(a) Key Managerial Personnel (KMP):

Mr. Salil Singhal	Chairman & Managing Director
Mr. Mayank Singhal	Managing Director & CEO
Mr. Anurag Surana	Whole time Director

(b) Relatives of Key Managerial Personnel:-

Relation with Key Managerial Personnel	Mr. Salil Singhal	Mr. Mayank Singhal
Father		Salil Singhal
Mother	Saraswati Singhal	Madhu Singhal
Wife	Madhu Singhal	
Sister		Pooja Singhal Shefali Khushlani
Son	Mayank Singhal	
Daughter		Pooja Singhal Shefali Khushlani

iv Enterprises over which KMP and their relatives are able to exercise significant influence :-

a) Samaya Investment and Trading Pvt. Ltd; (b) Wolkem India Ltd.; (c) Secure Meters Ltd., (d) Salil Singhal (HUF) and (e) Singhal Foundation.

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

(Rs. in Lacs)

Nature of Transaction	Type of relation	2011-12			2010-11		
		Transactions during the period		Balance outstanding Dr (Cr)	Transactions during the period		Balance outstanding Dr (Cr)
		Recd/Pur.	Paid/Sales		Recd/Pur.	Paid/Sales	
Purchase/Sales of goods and services	a(i)(b), a(i)(c), a(iv)(b) & a(iv)(c)	413.46	-	(18.98)	354.71	117.15	28.08
Remuneration to directors	a(iii)(a)	-	423.61	(100.00)	-	384.04	(65.00)
Interest	a(i)(a), a(iii)(a), a(iii)(b) & a(iv)	-	110.90	(44.72)	33.63	84.50	-
Rent & Power Cost	a(i)(a), a(i)(b), a(iii) & a(iv)(a)	22.65	106.13	(33.97)	4.73	117.61	(3.14)
Deposits Received and Paid	a(iii)	458.46	506.74	(590.31)	95.34	87.99	(619.10)
Security Deposits	a(i)(b), a(iii) & a(iv)(a)	69.78	-	0.50	-	5.27	(31.56)
Recovery of Dues on account of expenses incurred	a(i)(b), a(iv)(b), a(iv)(c)	32.96	-	15.68	52.98	-	-
Reimbursement on account of expenses	a(iv)(c)	-	4.67	-	-	-	-
Advance to Subsidiary	a(i)(b)	-	-	-	-	13.42	(13.42)
Loans Granted	a(i)(b), a(iv)(a)	-	-	-	1,075.00	1,075.00	-
Inter Corporate Deposit	a(i)(a), a(ii) & a(iv)(a)	235.00	115.00	(370.00)	70.00	-	(250.00)
Donation	a(iv)(e)	-	10.00	-	-	5.00	-
Salary	a(iii)(b)	-	1.18	-	-	1.18	-
Travel & Other expenditure incurred	a(iii)	-	230.91	2.14	-	159.45	1.60

41 CONTINGENT LIABILITIES

	31st March 2012	31st March 2011
Disputed Taxation demands not acknowledged as debts:		
-Sales Tax	176.41	162.81
- Excise Duty	84.99	84.99
- Income Tax	243.06	-
- Custom Duty	71.08	-
Anti Dumping Duty	230.44	230.44
Counter Guarantee to GIDC	32.85	32.85

42 DERIVATIVES INSTRUMENTS AND HEDGED/ UNHEDGED FOREIGN CURRENCY EXPOSURE

i) All financial and derivative contracts entered into by the Company are for hedging purposes.

ii) Forward Contract outstanding as at Balance Sheet date

(in Lacs)				
Currency	Amount Out- standing as at 31st March' 12	Amount Out- standing as at 31st March' 11	Buy / Sell	Purpose
USD	266.53	200.00	Sell	Hedging
EURO	-	80.00	Sell	Hedging

These forward covers are against export debtors and future receivables over a period of one year against committed orders in hand.

iii) Particulars for Hedged Foreign Currency Exposure

(in Lacs)					
Particulars	Currency	Amount as at 31st March' 12 (in Foreign Currency)	Amount as at 31st March' 12 (in INR)	Amount as at 31st March' 11 (in Foreign Currency)	Amount as at 31st March' 11 (in INR)
Export Debtors	USD	77.18	3,675.45	64.31	3,026.72
	EURO	-	-	4.38	269.95

iv) Foreign currency exposure that are not hedged by derivative or forward contracts as at Balance Sheet Date

(in Lacs)						
Particulars	Currency	Amount as at 31st March' 12 (in Foreign Currency)	Amount as at 31st March' 12 (in INR)	Amount as at 31st March' 11 (in Foreign Currency)	Amount as at 31st March' 11 (in INR)	
1	ECB Term loan	USD	200.00	10,238.00	-	-
2	PCFC Loan	USD	80.01	4,095.92	121.87	5,445.22
3	Buyers Credit	USD	-	-	2.83	126.56
4	EEFC Account	USD	0.66	33.83	0.66	29.55
5	Import Creditors (Net)	USD	45.38	2,323.00	67.70	3,024.80
		EURO	-	-	0.57	35.89
		GBH	-	-	(0.03)	(2.51)
		CHF	-	-	(0.20)	(9.29)
		JPY	50.32	31.44	480.82	254.83
6	Export Debtors	USD	173.72	8,891.82	131.49	5,873.67
		EURO	5.78	395.03	-	-
		JPY	43.13	26.93	100.00	53.99

43 DEFERRAL/ CAPITALISATION OF EXCHANGE DIFFERENCE

Pursuant to notification dated March 31, 2009 and December 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Company decided to exercise the option of accounting for Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements in so far as they relate to the acquisition of depreciable capital assets by addition to/ deduction from the cost of the asset and depreciate the same over the balance life of the asset. Accordingly, the current year exchange losses amounting to Rs. 124.32 lacs have been adjusted to the cost of fixed assets/CWIP.

The unamortised amount of exchange fluctuation as on the reporting date is Rs. 164.11 lacs (Previous Year Rs. 43.29 lacs)

(Rs. in Lacs)

44 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

	31st March 2012		31st March 2011	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March 2012	351.06	-	322.77	-
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	1,185.14	23.45	2,208.57	58.69
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.	-	-	-	-

(Rs. in Lacs)

45 VALUE OF IMPORTS CALCULATED ON CIF BASIS

	31st March 2012	31st March 2011
Raw Materials	18,551.37	16,696.69
Spare Parts & Components	264.04	168.56
Capital Goods	460.12	258.61

(Rs. in Lacs)

46 EARNINGS IN FOREIGN CURRENCY

	31st March 2012	31st March 2011
Export of Goods on FOB Basis	39,150.26	24,709.53

(Rs. in Lacs)

47 EXPENDITURE IN FOREIGN CURRENCY

	31st March 2012	31st March 2011
Professional	39.99	59.32
Consultancy	7.95	2.59
Interest	62.26	64.67
Travelling	16.30	11.54
Salary	15.97	42.47
Others	268.21	338.84

48 ACTUAL PRODUCTION, PURCHASES, SALES AND STOCK OF GOODS MANUFACTURED

S.No.	Product	Opening	Production Stock	Purchases	Sales	Closing Stock
(I)	QUANTITY (IN TONNES)					
	Current Year					
	a) Chemicals including by-product/ Traded goods	4,816	49,046	800	50,534	4,128
	b) Polymer*	549	-	-	549	-
	TOTAL	5,365	49,046	800	51,083	4,128
	Previous Year					
	a) Chemicals including by-product/ Traded goods	(4,216)	(45,876)	(1,299)	(46,575)	(4,816)
	b) Polymer	(803)	(6,232)	-	(6,486)	(549)
	TOTAL	(5,019)	(52,108)	(1,299)	(53,061)	(5,365)
(II)	IN VALUE (Rs. In lacs)					
	Current Year					
	a) Chemicals including by-product/ Traded goods	7,404.11	-	3,900.02	99,747.77	11,251.55
	b) Polymer	487.58	-	-	124.16	-
	TOTAL	7,891.69	-	3,900.02	99,871.93	11,251.55
	Previous Year					
	a) Chemicals including by-product/ Traded goods	(4,500.06)	-	(3,264.56)	(75,242.24)	(7,404.11)
	b) Polymer	(440.88)	-	-	(8,124.67)	(487.58)
	TOTAL	(4,940.94)	-	(3,264.56)	(83,366.91)	(7,891.69)

* Sale of Polymer includes amount transferred to Rhodia Polymer.

49 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS AND SPARE PARTS CONSUMED

	31st March 2012		31st March 2011	
	Qty (in Tonnes)	(in Rs. Lacs)	Qty (in Tonnes)	(in Rs. Lacs)
Technical Pesticides	374.00	1,493.89	442.00	1,552.47
Inert Chemicals & Adjuvants	156,306.00	39,526.96	161,406.00	32,362.31
Polymers	184.00	157.84	6,030.00	5,065.42
Others	-	7,489.37	-	4,080.42
TOTAL	156,864.00	48,668.06	167,878.00	43,060.62

PARTICULARS	31st March 2012		31st March 2011	
	%	(in Rs. Lacs)	%	(in Rs. Lacs)
i Raw Material				
Imported	48.64	21,624.77	36.19	14,154.24
Indigenous	51.36	22,837.79	63.81	24,951.46
ii Packing Material				
Imported	-	-	2.89	114.15
Indigenous	100.00	4,205.51	97.11	3,840.77

50 Figures of previous year have been regrouped and/or rearranged wherever necessary to make them comparable with those of the current year.

As per our separate report of even date attached

For B. D. Gargiyya & Co
Chartered Accountants

Sd/-
Ashok Mangal
Partner
M. No. 71714
Firm Rg. No. 001072C

For S. S. Kothari Mehta & Co
Chartered Accountants

Sd/-
Krishan Kant Tulshan
Partner
M. No. 85033
Firm Rg. No. 000756N

For and on behalf of the Board of Directors

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Executive Director
Corp. Strategy & Finance

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurgaon
Dated: 29.05.2012

STATEMENT REGARDING SUBSIDIARY COMPANY

(Pursuant to Section 212 (3) of the Companies Act, 1956)

1	Name of the Subsidiary Companies	PILL Finance & Investments Limited	PI Life Science Research Limited	PI Japan Company Limited
2.	The financial year of the Subsidiary Company ended on	March 31, 2012	March 31, 2012	March 31, 2012
3.	Holding Company's interest:			
	Number of Equity Shares	3,60,000 Equity shares of Rs.10/- each	9,45,000 Equity shares of Rs.10/- each	100 Equity shares of JPY 50,000 each
	Percentage Holding	100%	100%	100%
4.	(a) Net aggregate amount of subsidiary's Profit / (loss) not dealt within the Holding Company's accounts.			
	(i) For the subsidiary's Financial year ended March 31, 2012	Rs.1,57,06,733/-	Rs.1,31,62,089/-	JPY 15,33,967 (Rs.9.27 Lacs)
	(ii) For the previous financial years since it became subsidiary.	Rs.30,80,534/-	Rs.2,13,33,686/-	JPY 49,41,448 (Rs.26.68 Lacs)
	Net aggregate amount of subsidiary's Profit/ (loss) dealt within the Holding Company's accounts:			
	(i) For the subsidiary's financial year ended on March 31, 2012	Nil	Nil	Nil
	(ii) For the previous financial year	Nil	Nil	Nil

For and on behalf of the Board of Directors

Sd/-
Salil Singhal
 Chairman and Managing Director

Sd/-
Mayank Singhal
 Managing Director and CEO

Sd/-
Naresh Kapoor
 Company Secretary

Sd/-
Rajnish Sarna
 Executive Director
 Corporate Strategy & Finance

Place: Gurgaon
 Date: 29.05.2012

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF PI INDUSTRIES LIMITED

We have audited the attached consolidated Balance Sheet of PI Industries Limited and its subsidiaries (collectively referred to as 'PI Industries Group') as at 31st March, 2012, the consolidated Profit and Loss account for the year ended on that date annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. These consolidated financial statements are the responsibility of the PI Industries Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries whose financial statement reflect total assets of Rs. 811.88 lacs as at March 31, 2012. Total revenue of Rs. 353.18 lacs and net cash inflows amounting to Rs.125.09 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose report have been furnished to us, and our opinion is based solely on the report of other auditors.

The financial statement of subsidiary namely PI Japan Co. Ltd which reflect total assets of Rs. 96.20 lacs as at March 31, 2012, total revenue of Rs. 276.11 lacs and net cash inflows amounting to Rs. 28.92 lacs for the year ended March 31, 2012 have not been audited by us or any other auditor and has been certified by their Directors whose certificate has been furnished to us and converted by the management as per the requirement of Indian GAAP. Our opinion, in so far as it relates to the amount included in respect of PI Japan Co. Ltd., is based solely on certificate of the Directors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, prescribed by the Companies (Accounting Standards) Rules, 2006.

In our opinion and to best of our information and according to the explanations given to us, the consolidated financial statements together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the consolidated Balance Sheet, of the state of affairs of PI Industries Group as at 31st March, 2012;
- b. in the case of the consolidated Profit and Loss account, of the profits for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow statement, of the cash flows for the year ended on that date.

For **B.D. GARGIYA & CO.**
Chartered Accountants
Firm Reg. No. 001072C

Sd/-
(CA ASHOK MANGAL)
Partner
Membership No.71714

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Reg. No. 000756N

Sd/-
(CA KRISHAN KANT TULSHAN)
Partner
Membership No. 85033

Place: Gurgaon
Date : 29.05.2012

PI INDUSTRIES LTD
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

(Rs in Lacs)

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
I EQUITY & LIABILITIES			
1 Shareholders' Funds			
a Share Capital	B 1	1,252.42	1,928.75
b Reserves and Surplus	B 2	31,292.05	19,444.28
		32,544.47	21,373.03
2 Non Current Liabilities			
a Long-term borrowings	B 3	11,905.70	5,898.62
b Deferred tax liabilities (Net)	B 4	3,287.72	3,257.68
c Other long-term liabilities	B 5	1,059.86	944.73
d Long-term provisions	B 6	179.79	139.24
		16,433.07	10,240.27
3 Current Liabilities			
a Short-term borrowings	B 7	11,057.86	15,467.71
b Trade payables	B 8	9,583.90	10,580.55
c Other current liabilities	B 9	8,875.60	7,543.31
d Short-term provisions	B 6	1,661.73	1,194.46
		31,179.09	34,786.03
TOTAL		80,156.63	66,399.33
II ASSETS			
1 Non Current Asset			
a Fixed asset			
Tangible asset	B 10	29,570.01	25,289.87
Intangible asset	B 12	178.91	115.39
Capital work-in-progress	B 11	7,776.91	3,275.11
Intangible asset under development	B 11	323.31	70.77
		37,849.14	28,751.14
b Non-current investments	B 13	51.80	51.81
c Long term loans & advances	B 14	1,924.09	1,891.72
d Other assets	B 15	162.37	139.82
2 Current Asset			
a Inventories	B 16	17,875.13	14,098.00
b Trade receivables	B 17	17,222.83	17,495.45
c Cash and Bank Balances	B 18	941.08	700.36
d Short-term loans and advances	B 14	3,939.90	3,144.08
e Other assets	B 15	190.29	126.95
		40,169.23	35,564.84
TOTAL		80,156.63	66,399.33

Refer Accompanying notes to financial statements

A&B

As per our separate report of even date attached

For and on behalf of the Board of Directors

For B. D. Gargieya & Co
Chartered Accountants

For S. S. Kothari Mehta & Co
Chartered Accountants

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Executive Director
Corp. Strategy & Finance

Sd/-
Naresh Kapoor
Company Secretary

Sd/-
Ashok Mangal
Partner
M. No. 71714
Firm Rg. No. 001072C

Sd/-
Krishan Kant Tulshan
Partner
M. No. 85033
Firm Rg. No. 000756N

Place: Gurgaon
Dated : 29.05.2012

PI INDUSTRIES LTD
STATEMENT OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

(Rs in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31ST MARCH 2012	FOR THE YEAR ENDED 31ST MARCH 2011
I. Revenue from Operations	B 19		
Sale of products		99,871.93	83,366.91
Less: Discount		(7,781.00)	(7,155.18)
Less: Excise Duty		(4,593.97)	(4,619.19)
Sale of services;		201.54	173.52
Other operating Revenues;		212.09	234.90
II. Other Income	B 20	510.08	1,044.43
III. Total Revenue (I+II)		88,420.67	73,045.39
IV. Expenses:			
Cost of Materials consumed	B 21	48,689.37	41,737.94
Purchase of Stock in Trade		3,900.02	3,264.56
Changes in Inventories of finished goods, work in progress and stock in trade	B 22	(3,359.86)	(2,950.75)
Employee Benefits expenses	B 23	7,190.04	5,969.62
Finance Costs	B 27	1,987.06	1,854.20
Depreciation and amortisation	B 26	1,729.11	1,568.95
Other Expenses	B 24	17,153.92	12,461.26
Total Expenses		77,289.66	63,905.78
V. Profit before exceptional and extraordinary items and tax (III-IV)		11,131.01	9,139.61
VI. Exceptional Items	B 25	3,209.94	-
VII. Profit before extraordinary items and tax		14,340.95	9,139.61
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (VII- VIII)		14,340.95	9,139.61
Consisting of :			
- Profit/ (Loss) on Continuing Operations		11,134.48	8,587.93
- Profit/ (Loss) on Discontinued Operations		(3.47)	551.68
- Exceptional Items Profit/ Loss		3,209.94	-
Less: Provision for Current Tax of continuing operations		(3,955.03)	(1,872.39)
Less: Provision for Current Tax of discontinued operations		0.45	(205.85)
Less: Provision for Deferred tax		(30.05)	(557.97)
Add: Income Tax of earlier years		2.86	6.99
X Profit After Tax		10,359.18	6,510.39
Consisting of:			
- Profit/ (Loss) on Continuing Operations		7,907.36	6,164.56
- Profit/ (Loss) on Discontinued Operations		(3.02)	345.83
- Exceptional Items Profit/ Loss		2,454.84	-
XI Profit/ (loss) for the period		10,359.18	6,510.39
XII Earnings per Equity shares.			
1) Basic (in Rs.)		41.49	29.20
2) Diluted (in Rs.)	B 31	41.19	26.12
Earnings per share Rs. - Continuing Business			
1) Basic (in Rs.)		41.50	27.64
2) Diluted (in Rs.)		41.19	24.73
Earnings per share Rs. - Discontinued Business			
1) Basic (in Rs.)		(0.01)	1.56
2) Diluted (in Rs.)		(0.00)	1.39
Face value per share (in Rs.)		5.00	10.00

* The EPS for FY 2010-11 has been calculated considering the effect of split of shares in the current year.

Refer accompanying notes to financial statements

A&B

As per our separate report of even date attached

For and on behalf of the Board of Directors

For B. D. Gargieya & Co
Chartered Accountants

For S. S. Kothari Mehta & Co
Chartered Accountants

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Executive Director
Corp. Strategy & Finance

Sd/-
Naresh Kapoor
Company Secretary

Sd/-
Ashok Mangal
Partner
M. No. 71714
Firm Rg. No. 001072C

Sd/-
Krishan Kant Tulshan
Partner
M. No. 85033
Firm Rg. No. 000756N

Place: Gurgaon
Dated : 29.05.2012

CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2012

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2012	FOR THE YEAR ENDED 31ST MARCH 2011
A. Cash Flow from Operating Activities		
Net Operating Profit before Tax & Extraordinary Items	14,340.95	9,139.61
Adjustments for:		
Net operating profit before tax		
Depreciation	1,729.11	1,568.95
Interest Expenses	1,987.06	1,854.20
Provision for Doubtful Debts and Advances	379.08	169.31
Interest Income	(413.53)	(274.38)
Dividend Income	(0.49)	(0.29)
Employee Stock Option Expense	108.95	-
(Profit)/Loss on sale of Fixed Assets (Net)	128.62	3.97
(Profit)/Loss on sale of Investments	(0.01)	-
Bad Debts written off	1.81	0.68
Unrealised Foreign Exchange Loss/(Gain) (Net)	68.42	(160.24)
Foreign Currency Translation reserve	8.39	(9.62)
Exceptional Items		
- Sale of Polymer Business	(3,209.94)	-
	787.47	3,152.58
Operating Profit before Working Capital changes	15,128.42	12,292.19
(Increase) / Decrease in Short Term Trade Receivables	47.32	(5,734.07)
(Increase) / Decrease in Short term Loans and advances	(1,004.05)	635.30
(Increase) / Decrease in Long term Loans and advances	(22.53)	(88.54)
(Increase) / Decrease in Other assets	(73.17)	(15.34)
(Increase)/Decrease in Inventories	(3,777.13)	(3,816.93)
Increase / (Decrease) in Short term Trade Payables/ Provisions	(905.85)	1,192.71
Increase / (Decrease) in Long term Trade Payables/ Provisions	40.54	0.15
Increase / (Decrease) in Other Short term Liabilities	1,973.84	(690.86)
Increase / (Decrease) in Other Long term Liabilities	115.13	128.02
	(3,605.90)	(8,389.56)
Cash generated from Operations before tax and exceptional items	11,522.52	3,902.63
Net Direct Taxes paid	(3,996.98)	(1,799.13)
Exceptional Item	3,209.94	-
Net cash from Operating Activities	10,735.48	2,103.50
B. Cash flow from Investing Activities		
Purchase of Fixed Assets including Capital work in progress, intangible assets and Capital advances	(11,713.74)	(9,710.15)
Investment in Shares	0.01	-
Sale of Fixed Assets	866.19	21.54
Interest Received	413.53	274.38
Dividend Received	0.49	0.29
Net cash used in investing activities	(10,433.52)	(9,413.94)
Net cash from Operating and Investing Activities	301.96	(7,310.44)
C. Cash flow from Financing Activities		
Issue of Equity Share capital	133.67	410.00
(Repayment)/Issue of Preference Share Capital	(810.00)	(1,250.00)
(Repayment/ Redemption)/Issue of Debentures	(2,940.00)	-
Share Premium Account	3,340.38	840.00
Short Term Borrowings (Net)	(4,536.56)	10,939.10
Long Term Borrowings (Net of Repayments)	8,115.46	(1,478.85)

Cash Flow Hedge Reserve	(492.60)	-
Interest paid (Net)	(1,963.64)	(1,773.99)
Dividend Distribution	(1,001.30)	(149.26)
Net Cash from Financing activities	(154.59)	7,537.00
Net Cash from Operating, Investing & Financing Activities	147.37	226.56
Net increase in Cash & Cash equivalent	147.37	226.56
Opening balance of Cash & Cash equivalent	420.54	193.98
Closing balance of Cash & Cash equivalent	567.91	420.54
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following:-		
i) Cash Balance on Hand	5.96	8.58
ii) Balance in Current Account	561.95	411.96
TOTAL	567.91	420.54

As per our separate report of even date attached

For and on behalf of the Board of Directors

For B. D. Gargieya & Co
Chartered Accountants

For S. S. Kothari Mehta & Co
Chartered Accountants

Sd/-
Salil Singhal
Chairman & Managing Director

Sd/-
Ashok Mangal
Partner
M. No. 71714
Firm Rg. No. 001072C

Sd/-
Krishan Kant Tulshan
Partner
M. No. 85033
Firm Rg. No. 000756N

Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Executive Director
Corp. Strategy & Finance

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurgaon
Dated : 29.05.2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards pursuant to the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, as a going concern, on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company.

Changes in Accounting Policy

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it had significant impact on presentation and disclosures made in the financial statements.

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 VI to the Companies' Act, 1956. 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.

The Company has adopted Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurement". Based on the Recognition and Measurement principles set out in AS 30, changes in the fair values of derivative financial instruments, the net foreign exchange exposure over a period of one year against the committed order in hand hedged through forward contracts, are designated as effective cash flow hedges and marked to market loss/gain arising on said foreign currency instruments are transferred to "Cash Flow Hedge Reserve" directly in the Balance Sheet under Reserves & Surplus and later the same is reclassified into Profit & Loss account upon the occurrence of the hedging transaction.

2) USE OF ESTIMATES

The presentation of financial statements requires estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

3) REVENUE RECOGNITION

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods - Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and is stated net of trade discount, returns and Sales Tax / VAT but includes Excise Duty.

Revenue from services- Revenue is recognised as the service is performed by the completed service method and no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services.

Interest - Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Lease rent Income -Lease income is recognised on straight line basis over the lease term.

Dividends - Revenue is recognized when the shareholder's right to receive payment is established by the Balance Sheet date.

Export Benefits / Incentives - Export entitlement under Duty Entitlement Pass Book ('DEPB') Scheme are recognised in the Profit & Loss Account when the right to receive credit as per terms of the scheme is established in respect of export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

4) EXPENDITURE

Rebate, claims & settlement on goods sold are accounted for as and when these are ascertained with reasonable accuracy.

5) FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are stated at cost or as revalued, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of 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. Expenditure during construction / erection period is included under capital work-in-progress and is allocated to the respective fixed assets on completion of construction / erection."
- b) Depreciation on Building, Plant & Machinery and R&D Equipments of Pesticides Division at Udaipur (in respect of fixed assets commissioned on or after July 1, 1988), Pesticides Division at Panoli & Jammu and Polymer Division at Panoli is provided on Straight Line method and depreciation on all other fixed assets is provided on Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.
- c) Leasehold land and Cost of improvement on leasehold building is being amortised over the lease period.
- d) Revaluation of Fixed assets: Depreciation on the increased amount of assets due to revaluation is computed on the basis of the residual life of the assets as estimated by the valuers on straight-line method.
- e) - Leasehold Improvements are amortised over its useful life of 15 years on Declining Balance method.
- Equipments over 200000 yen are depreciated on Declining Balance method over its useful life of 3 years.
- Equipments (100000-200000 yen) are depreciated on straight line basis over its useful life of 3 years.

6) INTANGIBLE ASSETS

Intangible Assets are stated at cost of acquisition less accumulated amortisation as below

Software:- Software is stated at cost of acquisition and includes all attributable expenditure on making the assets ready for their intended use.

Product Development costs:- Product Development costs considered to have finite useful lives, are capitalised and recognised as intangible assets are stated at cost less any impairment losses.

Amortisation:- Amortisation of intangible asset is provided on the basis of estimated useful life of the assets as below:

Software: Amortised on straight line basis over a period of 6 years.

Product Development: Amortised on straight line basis over a period of 5 years.

7) IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

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

8) INVENTORIES

- a) Inventories of Finished Goods, Work in progress, Raw materials, Packing materials and Stores & Spares are stated at lower of cost and net realisable value. By-products are valued at estimated realisable value.
- b) Cost of Raw Materials, Packing Materials, Stores and Spares, Trading and other products are determined on weighted average basis and are net of Cenvat credit.
- c) Cost of Work in progress and Finished Goods is determined considering direct material cost and appropriate portion of manufacturing overheads based on normal operating capacity. Cost of finished goods include excise duty.
- d) Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary, the same are written off or provision is made for such inventories.

9) EMPLOYEE BENEFITS

- a) Defined Contribution Plan :

Employees benefits in the form of the Company's contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance is a defined contribution scheme and contributions are charged to the Profit & Loss Account of the year when the contribution to the respective fund is due.

b) Defined Benefit Plan : Retirement benefits in the form of gratuity and leave encashment are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation as at the date of the Balance Sheet using the projected unit credit method.

c) Actuarial gains/losses, if any, are immediately recognised in the Profit & Loss Account.

d) Short Term Employee benefits: Short term benefits are charged off at the undiscounted amount in the year in which the related service is rendered

10) FOREIGN CURRENCY TRANSACTIONS

a) Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion: Foreign currency monetary items are reported using the closing rate.

c) Exchange Difference: Any gain or loss on account of exchange difference arising either on the settlement or on reinstatement of foreign currency monetary items is recognised in the Profit & Loss account, except exchange difference arising on long term foreign currency monetary items relating to acquisition of depreciable fixed assets, which is adjusted to the carrying amount of such assets.

An asset shall be designated as a long term foreign currency monetary item, if the asset or liability is expressed in foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

d) Translation of non integral foreign operations: In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non monetary of the non-integral foreign operation are translated at the closing rate; income and expenses items of the non-integral foreign operations are translated at the average rate prevailing during the year; and all resulting exchange differences are accumulated in the foreign currency translation reserve until the disposal of net investment.

11) RESEARCH AND DEVELOPMENT

Capital Expenditure incurred for Research and Development is capitalised when commissioned and included in the gross block of fixed assets. Revenue expenditure on research and development is charged to the Profit & Loss account in the period in which it is incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale. product development expenditure which do not meet these criteria are expensed when incurred.

12) PRIOR PERIOD ADJUSTMENTS

Earlier year items, adjustment/claims, arisen / settled / noted during the year, if material in nature, are debited / credited to prior period Expenses/Income or respective heads of account, if not material in nature.

13) INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long -term investments are stated at cost. Provision for diminution in the value of investments is made, if it is other than temporary.

14) BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

15) TAXATION

a) Provision for Current Tax is made after considering benefits, exemptions and deductions available under the Income Tax Act, 1961.

b) Deferred tax is recognised subject to consideration of prudence, on timing differences, representing the difference between the taxable income/(loss) and accounting income/(loss) that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

16) LEASES

Operating Lease: Lease rentals in respect of assets taken on operating leases are charged to the profit and loss account with reference to lease terms and other consideration.

17) PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

18) SEGMENT REPORTING

The accounting policies adopted by the Company for segment reporting are in line with the accounting standard on Segmental Reporting.

Primary Segment:

Business Segment: The Company's operating business is organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The identified segments are Chemicals and Others.

Secondary Segment:

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

- (a) Sales within India
- (b) Sales outside India

Segment Expenses, Segment Assets and Segment Liabilities have been allocated to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under unallocated Revenue/ Expenses/Assets/Liabilities.

19) CASH FLOW STATEMENTS

Cash-flow statements are prepared in accordance with indirect Method as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounting Standards) Rules, 2006. The cash flows from regular revenue generating, financing and investing activity of the Company are segregated.

20) EARNING PER SHARE

Basic earning 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.

21) DERIVATIVE INSTRUMENTS

The Company has adopted Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurement". Based on the Recognition and Measurement principles set out in AS 30, changes in the fair values of derivative financial instruments designated as effective cash flow hedges are recognised as "Cash Flow Hedge Reserve" directly in the Balance Sheet under Reserves & Surplus and later reclassified into Profit & Loss account upon the occurrence of the hedging transaction. Changes in the fair value of ineffective hedges taken are recognised directly to Profit & Loss account.

22) EMPLOYEE STOCK OPTION BASED COMPENSATION

Accounting value of stock options is determined on the basis of 'intrinsic value' representing the excess of the market price on the date of grant over the exercise price of the options granted under the 'Employees Stock Option Scheme' of the Company, and is being amortised as 'Deferred employee compensation' on a straight-line basis over the vesting period in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Guidance Note No.18 'Share Based Payments' issued by the ICAI.

23) PRINCIPLES OF CONSOLIDATION

(i) The consolidated financial statements relate to PI Industries Ltd. and its wholly owned subsidiary companies. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

The consolidated financial statements have been prepared using uniform accounting policies for the transactions and other events in similar circumstances and are prepared to the extent possible in the same manner as the Company's separate financial statements.

(ii) The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2012
PILL Finance & Investment Limited	India	100%
PI Life Science Research Limited	India	100%
PI Japan Co. Ltd.	Japan	100%

CONSOLIDATED NOTES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(Rs in Lacs)

B NOTES TO ACCOUNTS

1 SHARE CAPITAL

	31st March 2012	31st March 2011
Authorised Shares		
400,00,000 (Previous Year 200,00,000) Equity Shares of Rs.5/- each (Previous Year of Rs. 10/- each)	2,000.00	2,000.00
50,00,000 (Previous Year 50,00,000) Preference Shares of Rs.100/- each	5,000.00	5,000.00
	7,000.00	7,000.00
Issued Shares		
250,83,693 (Previous Year 112,05,158.5) Equity Shares of Rs.5/- each (Previous Year Rs. 10/- each)	1,254.19	1,120.52
Nil (Previous Year 8,10,000) 0.01% Non-Cumulative compulsorily Convertible Preference shares (CCPS) of Rs. 100/- each	-	810.00
	1,254.19	1,930.52
Subscribed & Fully Paid up Shares		
250,48,378 (Previous Year 111,87,501) Equity Shares of Rs.5/- each (Previous Year Rs. 10/- each)	1252.42	1118.75
Nil (Previous Year 8,10,000) 0.01% Non-Cumulative compulsorily Convertible Preference shares (CCPS) of Rs. 100/- each	-	810.00
Total subscribed and fully paid up share capital	1,252.42	1,928.75

- a. The issued share capital of previous year includes fractional coupons of Rs. 5/- each fully paid, allotted as bonus shares in earlier years.
b. The difference between the issued and subscribed capital is on account of less number of shares allotted in right issue in earlier years.

c. Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a par value of Rs. 5 per share (Previous Year Rs. 10 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.

During the year ended 31st March 2012, the Company had declared interim dividend of Rs. 2 per share of face value of Rs. 5/- each to the equity shareholders and final dividend of Rs 3/- per share is recognised as distribution to the equity shareholders at the year end (Previous year Rs. 4 per share of face value of Rs. 10/- each).

d. Terms/ rights attached to Preference shares

As per the terms of the issue, the holder of CCPS had option to convert its preference shares into equity within 18 months of the date of issue i.e. 24th October 2009. The CCPS carried a coupon rate of 0.01% p.a. and had lock in period of one year.

e. Terms of securities convertible into equity

Compulsorily Convertible Preference Shares (CCPS)

Refer Note 1(d)

As per the terms of issue

(i) 1250000 CCPS were converted into 370826 equity shares of Rs. 10 each at a premium of Rs. 327.085 per share during the previous year, and

(ii) the balance 810000 preference shares have been converted into 311658 equity shares of Rs. 10/- each, allotted to both Standard Chartered Private Equity (Mauritius) Limited and Standard Chartered Private Equity (Mauritius) II Limited equally, at a premium of Rs. 249.9003 per share.

Optionally Convertible Debentures (OCDs)

Refer Note 3 (a)

During the year 1025030 equity shares were issued and allotted by the Company to Standard Chartered Investments and Loans (India) Limited at a premium of Rs. 249.9003 per equity share of face value on conversion of 2664053 OCDs and the balance 275947 OCDs were redeemed.

f. Fractional Shares

During the year 18 fractional shares were sold off in the market on 15th October 2011 at prevailing market price and the proceeds were reimbursed to the beneficiaries.

g. Split of Shares

Pursuant to the approval of the shareholders in their meeting held on 16th July 2011, the Company has sub-divided the existing equity shares of Rs. 10/- each fully paid up into 2 equity shares of Rs. 5/- each.

h. 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)		Equity Share (Value of Shares) (in Rs. Lacs)	
	2011-12	2010-11	2011-12	2010-11
Share outstanding at beginning of period	11,205,158.5	7,105,165.5	1,120.52	710.52
Bonus Shares issued during the period (Refer Note 1(i))	-	3,729,167	-	372.92
Preference Shares Converted into Equity (Refer Note 1(e))	311,658	370,826	31.17	37.08
Debentures Converted into Equity (Refer Note 1(e))	1,025,030	-	102.50	-
Split of shares (Refer Note 1(g))	12,541,846.5	-	-	-
Share outstanding at end of period	25,083,693	11,205,158.5	1,254.19	1,120.52

Preference Shares

Particulars	Preference Share (No. of Shares)		Preference Share (Value of Shares) (Rs. In Lacs)	
	2011-12	2010-11	2011-12	2010-11
Share outstanding at beginning of period	810,000	2,060,000	810.00	2,060.00
Shares issued during the period	-	-	-	-
Shares Converted into Equity (Refer Note 1(e))	(810,000)	(1,250,000)	(810.00)	(1,250.00)
Share outstanding at end of period	-	810,000	-	810.00

Subscribed & Paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Equity Share (Value of Shares) (in Rs. Lacs)	
	2011-12	2010-11	2011-12	2010-11
Share outstanding at beginning of period	11,187,501	7,087,508	1,118.75	708.75
Bonus Shares issued during the period (Refer Note 1(j))	-	3,729,167	-	372.92
Preference Shares Converted into Equity (Refer Note 1(e))	311,658	370,826	31.17	37.08
Debentures Converted into Equity (Refer Note 1(e))	1,025,030	-	102.50	-
Split of shares (Refer Note 1(g))	12,524,189	-	-	-
Share outstanding at end of period	25,048,378	11,187,501	1,252.42	1,118.75

Preference Shares

Particulars	Preference Share (No. of Shares)		Preference Share (Value of Shares) (Rs. In Lacs)	
	2011-12	2010-11	2011-12	2010-11
Share outstanding at beginning of period	810,000	2,060,000	810.00	2,060.00
Shares issued during the period	-	-	-	-
Shares Converted into Equity (Refer Note 1(e))	(810,000)	(1,250,000)	(810.00)	(1,250.00)
Share outstanding at end of period	-	810,000	-	810.00

i. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares brought back during the period of five years immediately preceding the reporting period

	31st March 2012	31st March 2011
Equity Shares allotted as fully paid up Bonus shares by capitalisation of reserves	7272921	7272921

Year of Issue	No. of Shares
2010-11	3729167
2009-10	3543754

j. Shares reserved for issue under option

Shares reserved for issue under ESOP - Refer Note 35

k. Details of shareholders holding more than 5% shares in the Company**Equity Shares**

Name of Shareholders	2011-12		2010-11	
	No of Shares	% of Holding	No of Shares	% of Holding
1 Parteek Finance & Inv. Co. Ltd.	5872602	23.45	2936001	26.24
2 Lucrative Leasing Finance & Inv. Co. Ltd.	5639796	22.52	2819898	25.21
3 Samaya Investment & Trading Pvt. Ltd.	3077880	12.29	1538940	13.76
4 Standard Chartered Inv. & Loans (I) Ltd.	2025060	8.08	-	-
5 Rowanhill Investments Ltd.	1359801	5.43	1200424	10.73
6 Mrs. Madhu Singhal	1128414	4.50	564207	5.04

Preference Shares

Name of Shareholders	2011-12		2010-11	
	No of Shares	% of Holding	No of Shares	% of Holding
1 Standard Chartered Private Equity Mauritius Ltd	Nil	-	1030000	50%
2 Standard Chartered Private Equity Mauritius II Ltd	Nil	-	1030000	50%

(Rs. in Lacs)

2 RESERVES & SURPLUS

	31st March 2012		31st March 2011	
a. Capital Reserve				
Balance at the beginning and end of the Financial year	147.51		147.51	
Addition during the Financial year	-		-	
Deduction during the Financial year	-	147.51	-	147.51
b. Capital Redemption Reserve				
Balance at the beginning and end of the Financial year	35.00		35.00	
Addition during the year Financial year	-		-	
Deduction during the Financial year	-	35.00	-	35.00
c. Foreign Currency Translation Reserve				
Balance at the beginning and end of the Financial year	3.80		13.42	
Addition during the year Financial year	9.59		-	
Deduction during the Financial year	-	13.39	(9.62)	3.80
d. Securities Premium Account				
Balance at the Beginning of the Financial year	840.00		-	
Add: Premium on issue of Equity shares on conversion of CCPS and OCD	3,340.38		1,212.92	
Less: Capitalised for Bonus Shares	-	4,180.38	(372.92)	840.00
e. Revaluation Reserve				
Balance at the beginning of the Financial year	201.83		204.57	
Less: Depreciation on revalued amount adjusted	(22.16)	179.67	(2.74)	201.83
f. Share Option Outstanding Account				
Balance at the Beginning of the Financial year	-		-	
Addition during the Financial year	164.55		-	
Less: Written back during the Financial year	-		-	
Less: Deferred employee stock compensation	(55.59)	108.96	-	-

(Rs. in Lacs)

	31st March 2012		31st March 2011	
g. Cash Flow Hedge Reserve				
Balance at the Beginning of the Financial year	-		-	
Addition during the Financial year	(492.60)		-	
Less: Written back during the Financial year	-	(492.60)	-	-
h. General Reserve				
Balance at the beginning of the Financial year	4,620.36		3,979.19	
Less: Capitalised for Bonus Shares	-		-	
Add: Transferred during the Financial year	1,005.42	5,625.78	641.17	4,620.36
i. Surplus in Profit & Loss Account				
Balance at the beginning of the Financial year	13,595.78		8,309.97	
Addition during the Financial year	10,359.18		6,510.39	
Less: Transfer to General Reserves	(1,005.42)		(641.17)	
Less: Interim Dividend on Equity Shares @ Rs. 2 per share (Previous Year Rs. Nil)	(500.97)		-	
Less: Proposed Dividend on Equity Shares [Rs. 3 Per share (Previous Year Rs. 4 Per share)]	(751.45)		(500.24)	
Less: Proposed Dividend on Preference Shares [Rs. 0.01 % (Previous Year 0.01%)]	(0.01)		(0.08)	
Less: Dividend Distribution Tax on Equity shares	(203.15)		(83.08)	
Less: Dividend Distribution Tax on Preference shares	-	21,493.96	(0.01)	13,595.78
TOTAL		31,292.05		19,444.28

During the year, interim dividend amounting to Rs. 26.02 lacs for financial year 2011-12 & final dividend amounting to Rs. 46.02 lacs for the financial year 2010-11 was paid in foreign currency to one of the shareholder on 1300848 shares and 1150424 respectively.

(Rs. in Lacs)

3 LONG TERM BORROWINGS

	Non- Current		Current Maturities	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Bonds/ Debentures				
Nil (Previous Year 29.40 lacs) Zero Coupon Optionally Convertible Debentures (unsecured) of face value of Rs. 100/- each	-	2,940.00	-	-
Term Loans - From Banks and Financial Institutions				
Indian Rupee Loans from Banks (secured)	650.00	1,738.23	1,088.22	1,528.49
Foreign Currency Loans from Banks (secured)	10,238.00	-	-	-
From Financial Institutions (secured)	500.00	1,000.00	500.00	500.00
	11,388.00	2,738.23	1,588.22	2,028.49
Deferred Payment Liabilities				
Interest Free Sales Tax Loan (unsecured)	-	-	-	23.50
	-	-	-	23.50
Deposits (unsecured)				
Directors	134.59	56.48	21.06	87.27
Shareholders	45.91	112.54	79.95	19.40
Others	337.20	51.37	25.86	307.74
	517.70	220.39	126.87	414.41
TOTAL	11,905.70	5,898.62	1,715.09	2,466.40
The above amount includes				
Secured borrowings	12,976.22	4,766.73		
Unsecured borrowings	644.57	3,598.29		
Net Amount	13,620.79	8,365.02		

- a.** On 24th October 2009, the Company had issued 2940000 Optionally Convertible Debentures (OCD) of Rs. 100/- each to Standard Chartered Investments and Loans (India) Ltd., on preferential basis. The OCD had lock in period of one year from the date of allotment. The OCD were optionally convertible into equity shares within the period of 18 months from the date of allotment as per the terms of issue. The uncovered portion of OCD, if any, shall be redeemed at the end of 18 months or may be further extended by another 18 months, if mutually agreed.
- b.** Indian Rupee Loan from Banks includes:
- Loan amounting to Rs. 248.99 lacs outstanding as on 31st March 2012 from State Bank of Bikaner & Jaipur Bank carrying interest rate of BPLR minus 1.25% repayable in balance 4 Quarterly installments of Rs. 62.50 lacs each which would be repaid by March 2013. The loan is secured by first pari passu charge on the fixed assets and second charge on the current assets of the Company. Further, the entire loan sanctioned amounting to Rs. 1750 lacs is guaranteed by personal guarantee of the Chairman and Managing Director (CMD) and Managing Director (MD) of the Company.
 - Loan amount of Rs. 111.10 lacs outstanding as on 31st March 2012 from Axis Bank carrying interest rate of BPLR minus 3.25% would be repaid in June 2012. The loan is secured by first pari passu charge on the existing and future fixed assets and second charge on the current assets of the Company. The loan amount sanctioned amounting to Rs. 2000 lacs is guaranteed by personal guarantee by the Managing Director (MD) of the Company.
 - Loan from HDFC Bank outstanding amounting to Rs. 328.12 lacs carrying interest rate @ HDFC -CPLR plus 0.25 basis points and is repayable in balance 3 Quarterly installments of Rs. 109.37 lacs each. The same would be repaid by December 2012. The loan is secured by first pari passu charge on the fixed assets of the Company. The loan sanctioned amounting to Rs. 1750 lacs is guaranteed by personal guarantee of the Chairman and Managing Director (CMD) and Managing Director (MD) of the Company.
 - Loan from IDBI Bank outstanding amounting to Rs. 225 lacs carrying interest rate of BPLR minus 1.5% and is repayable in 9 Quarterly installments of Rs. 25 lacs which would be repaid by June 2014. The loan is secured by first mortgage and charge on all movable and immovable properties, both present and future of the Company and second charge on the current assets of the Company. Further, the entire loan amount sanctioned amounting to Rs. 500 lacs is guaranteed by irrevocable and unconditional guarantee of Managing Director (MD) of the Company.
 - Loan amounting to Rs. 825 lacs is outstanding from IDBI Bank as on 31st March 2012 which carries interest rate of BPLR minus 1%. This amount is repayable in 11 Quarterly installments of Rs. 75.00 lacs each and the same would be repaid by December 2014. The loan is secured by first pari passu charge on all movable and immovable assets and second charge on the current assets of the Company. Further, the loan sanctioned amounting to Rs. 1500 lacs is guaranteed by personal guarantee of the Managing Director (MD) of the Company.
- c.** Foreign Currency Loans includes:
- ECB from Standard Chartered Bank amounting to USD 200 lacs carrying interest rate of 90 days LIBOR plus 2.75% and is repayable in 15 Quarterly installments of USD 13.33 lacs each beginning from April 2013. The loan is secured by first exclusive charge on movable and immovable fixed assets of the Company situated at Jambusar, Gujarat.
- d.** Loans from Financial Institutions includes:
- Term Loan from Financial Institutions includes loan amounting to Rs. 1000 lacs from EXIM bank at interest on PLR rate, repayable in 8 quarterly installment of Rs. 125 lacs and would be repaid by 31st March 2014. The loan is secured by Pari passu first charge over the entire fixed assets including immovable properties of the Company both present and future (excluding assets, which are exclusively charged to other lenders) and Pari passu second charge over the entire current assets of the Company, pari passu with all the existing lenders, excluding assets exclusively charged to other lenders.
- e.** Deferred Tax Sales Tax Loan is Interest Free which was payable in 5 yearly installments of Rs. 23.50 lacs each beginning from 30th May 2006. The last installment was paid on 13th April 2011.
- f.** Deposits from Directors, shareholders and others carries interest ranging from 9% to 11% depending upon the amount of deposit. Non- cumulative deposits have a maturity period of two years and are paid interest at the interval of every six months. Cumulative deposits have maturity period of three years and the interest is compounded six monthly.
- g.** As on the Balance sheet date there is no default in repayment of loans and interest.

4 DEFERRED TAX LIABILITIES

	31st March 2012	31st March 2011
Deferred tax assets/ liabilities are attributable to the following items;		
Deferred Tax Assets		
Effects of expenditure debited to P&L account in the current year but allowed for tax purposes in the following year	324.02	208.09
Sub- Total (a)	324.02	208.09
Deferred Tax Liabilities		
Difference in depreciation and amortisation in block of fixed assets as per Income Tax Act and books of accounts & Others	3,611.74	3,465.77
Sub- Total (b)	3,611.74	3,465.77
Net Deferred Tax Liability (a)-(b)	3,287.72	3,257.68

(Rs. in Lacs)

5 OTHER LONG TERM LIABILITIES

	31st March 2012	31st March 2011
Other payables		
Security Deposits from Dealers	998.19	886.66
Security Deposits from Contractors	16.75	13.15
Miscellaneous payables	44.92	44.92
TOTAL	1,059.86	944.73

(Rs. in Lacs)

6 PROVISIONS

	Non-Current		Current	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Provision for Employee Benefits				
Leave Encashment	178.05	137.77	42.91	30.37
Gratuity	1.74	1.47	128.94	83.24
	179.79	139.24	171.85	113.61
Other Provisions				
Provision for Income Tax [Net of Advance Tax of Rs. 7305.56 Lacs (Previous Year Rs. 3510.99 Lacs)]	-	-	616.53	497.43
Provision for Proposed Dividend on Equity Shares	-	-	751.45	500.24
Provision for Proposed Dividend on Preference Shares	-	-	0.01	0.08
Provision for Dividend Distribution Tax	-	-	121.89	83.10
	-	-	1,489.88	1,080.85
TOTAL	179.79	139.24	1,661.73	1,194.46

(Rs. in Lacs)

7 SHORT TERM BORROWINGS		
	31st March 2012	31st March 2011
Loans Repayable on Demand		
Working Capital Loans from Banks (secured)	6,846.94	10,819.47
Inter- Corporate Deposits (unsecured)		
- From Promoter Companies	115.00	190.00
	6,961.94	11,009.47
Other Loans and Advances		
Packing Credit Foreign Currency Loan (unsecured)	4,095.92	4,458.24
	4,095.92	4,458.24
TOTAL	11,057.86	15,467.71
The above amount includes		
Secured Borrowings	6,846.94	10,819.47
Unsecured Borrowings	4,210.92	4,648.24

- a. Working capital loans are secured by way of first charge on pari passu basis by hypothecation of stocks of raw materials, finished and semi finished goods, stores and spares not related to plant and machinery, bills receivable, book debts and all other movable properties and additionally secured by way of second charge on all the immovable properties of the company in favour of the consortium bankers.
- b. The working capital loans were secured by personal guarantee of the directors of the company till 31st March 2011. The same does not carry any guarantee as on the reporting date.

(Rs. in Lacs)

8 TRADE PAYABLES		
	31st March 2012	31st March 2011
Trade Payables		
-Due to micro and small enterprises (Refer note 44)	351.06	322.77
-Other Trade Payables	9,232.84	10,257.78
TOTAL	9,583.90	10,580.55

(Rs. in Lacs)

9 OTHER CURRENT LIABILITIES		
	31st March 2012	31st March 2011
Current maturities of long-term debt (Refer Note 3)	1,715.09	2,466.40
Project Vendors	338.35	539.73
Security Deposits Contractors	31.75	29.04
Interest accrued but not due on borrowings	165.05	82.40
Income received in advance/ Customer advances	3,173.12	1,319.57
Unpaid dividends*	6.62	2.07
Other payables		
- Employee Balances	1,003.12	822.19
- Statutory Dues Payable	426.30	540.85
- Miscellaneous Payable	1,523.60	1,741.06
Hedge Liability	492.60	-
TOTAL	8,875.60	7,543.31

*The amount does not include amount due/ outstanding to be credited to Investor Education & Protection Fund, same shall be credited as and when due.

(Rs. in Lacs)

10 TANGIBLE ASSETS

	Leasehold land	Freehold Land	Leasehold Improvement	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Library	Tools and Equipment	Total
Gross Block											
As at 1st April 2010	661.48	254.63	1.94	2,329.67	24,858.57	187.68	345.78	234.97	98.32	2.66	28,875.70
Additions	-	-	-	608.28	5,965.45	13.82	23.76	4.09	1.84	-	6,817.24
Disposals	-	-	-	-	(36.73)	(0.65)	-	(23.58)	-	-	(60.96)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
'- Exchange Difference	-	-	-	-	-	-	-	-	-	-	-
'- Borrowing Costs	-	-	-	8.37	118.95	-	-	-	-	-	127.32
'- Stores & Spares Consumed	-	-	-	-	51.55	-	-	-	-	-	51.55
'- Other expenses including salary	-	-	-	13.72	142.53	-	-	-	-	-	156.25
As at 31st March 2011	661.48	254.63	1.94	2,960.04	31,100.32	200.85	369.54	215.48	100.16	2.66	35,867.10
Additions	1,519.51	-	-	561.74	4,088.65	73.60	138.78	2.34	-	-	6,364.62
Disposals	-	-	-	(79.58)	(59.71)	(70.55)	(52.36)	(19.85)	-	(2.66)	(284.71)
Transfer on account of discontinued operation	-	(6.74)	-	(85.02)	(1,274.78)	(1.93)	(2.35)	-	(0.36)	-	(1,371.18)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
'- Exchange Difference	-	-	-	-	15.21	-	-	-	-	-	15.21
'- Borrowing Costs	-	-	-	-	46.39	-	-	-	-	-	46.39
'- Stores & Spares Consumed	-	-	-	-	245.41	-	-	-	-	-	245.41
'- Foreign currency exchange reserve	-	-	1.66	-	-	-	(0.11)	-	-	-	1.55
'- Other expenses including salary	-	-	-	-	310.27	-	-	-	-	-	310.27
As at 31st March 2012	2,180.99	247.89	3.60	3,357.18	34,451.76	201.97	453.50	197.97	99.80	-	41,194.66
Depreciation											
As at 1st April 2010	3.29	-	0.95	612.05	7,851.74	113.04	244.85	180.96	71.49	-	9,078.37
Charge for the year	0.42	-	0.27	54.51	1,433.68	14.14	13.86	14.57	2.86	-	1,534.31
Disposals	-	-	-	-	(14.62)	(0.57)	-	(20.26)	-	-	(35.45)
As at 31st March 2011	3.71	-	1.22	666.56	9,270.80	126.61	258.71	175.27	74.35	-	10,577.23
Charge for the year	0.41	-	0.26	88.20	1,570.28	16.30	21.28	10.39	2.58	-	1,709.70
Disposals	-	-	-	(11.02)	(22.88)	(56.25)	(42.25)	(16.91)	-	-	(149.31)
Transfer on account of discontinued operation	-	-	-	(25.33)	(483.69)	(0.99)	(1.50)	-	(0.26)	-	(511.77)
Difference on account of Foreign currency exchange reserve	-	-	0.49	-	0.65	-	(2.34)	-	-	-	(1.20)
As at 31st March 2012	4.12	-	1.97	718.41	10,395.16	85.67	233.90	168.75	76.67	-	11,624.85
Net Block											
As at 31st March 2011	657.77	254.63	0.72	2,293.48	21,829.52	74.24	110.83	40.21	25.81	2.66	25,289.87
As at 31st March 2012	2,176.87	247.89	1.63	2,638.77	24,116.60	116.30	219.60	29.22	23.13	-	29,570.01

- a. The Company revalued Tangible assets on 30th June 1988, at fair values determined by an independent external valuer. The valuer determined the fair value by reference to market based evidence.
- b. Depreciation for the year includes depreciation amounting to Rs. 38,62 lacs (Previous Year Rs. 37,89 lacs) on assets used for Research & Development. During the year Company incurred Rs. 50.32 (Previous Year Rs. Nil) towards capital expenditure for Research & Development (Refer Note 28)
- c. Amount transferred on account of exchange difference, borrowing costs and other administrative costs have been transferred from Capital Work in progress.
- d. Addition to Building includes Leasehold improvement of Rs. 358.85 (Previous Year Nil)

(Rs. in Lacs)

11 CAPITAL WORK IN PROGRESS & INTANGIBLES ASSETS UNDER DEVELOPMENT

	Amount of Capital Work in progress	Intangible Assets under Development
As at 31st March 2010	863.54	-
Additions	7,742.52	70.77
Amount transferred from CWIP	(6,171.53)	-
Other Adjustments		
'- Exchange Difference	-	-
'- Borrowing Costs	119.78	-
'- Stores & Spares Consumed	262.70	-
'- Other expenses including salary	458.10	-
As at 31st March 2011	3,275.11	70.77
Additions	8,896.03	252.54
Amount transferred from CWIP	(5,319.28)	-
Other Adjustments		
'- Exchange Difference	124.32	-
'- Borrowing Costs	154.75	-
'- Stores & Spares Consumed	81.64	-
'- Other expenses including salary	564.34	-
As at 31st March 2012	7,776.91	323.31

(Rs. in Lacs)

12 INTANGIBLE ASSETS

	Software
Gross Block	
As at 1st April 2010	262.79
Additions	39.60
Disposals	-
As at 31st March 2011	302.39
Additions	105.09
Disposals	-
Transfer on account of discontinued operation	-
As at 31st March 2012	407.48
Depreciation	
As at 1st April 2010	151.74
Charge for the year	35.26
Disposals	-
As at 31st March 2011	187.00
Charge for the year	41.57
Disposals	-
Transfer on account of discontinued operation	-
As at 31st March 2012	228.57
Net Block	
As at 31st March 2011	115.39
As at 31st March 2012	178.91

(Rs. in Lacs)

13 NON CURRENT INVESTMENTS

		31st March 2012		31st March 2011	
Long Term Investments (At cost) : Non Trade					
	Face value	No. of Shares	Amount	No. of Shares	Amount
1) Quoted Shares					
United Credit Ltd.	10	700	0.21	700	0.21
Summit Securities	10	12	-	12	-
Akzo Nobel India Ltd.	10	50	0.05	50	0.05
BASF India Ltd.	10	976	0.46	976	0.46
Sudershan Chemical Industries Ltd.	10	90	0.04	90	0.04
Rallis India Ltd. *	1	2,070	0.12	2,070	0.12
Bayers Crop Science Ltd.	10	66	0.19	66	0.19
Punjab Chemicals & Crop Protection Ltd.	10	248	0.09	248	0.09
Wyeth Ltd.	10	42	0.15	42	0.15
Aventis Pharma Ltd.	10	100	0.03	100	0.03
L.M.L.Ltd.	10	150	0.02	150	0.02
United Sprit Ltd.	10	188	0.05	188	0.05
RPG Life Sciences Ltd.	10	360	0.22	360	0.23
Voltas Ltd.	10	100	0.01	100	0.01
ICICI Bank Ltd.	10	460	2.42	460	2.42
TOTAL			4.06		4.07
* Share sub-divided from face value of Rs.10/- each to Rs. 1/- each w.e.f 17.07.2011					
2) Unquoted Shares (Equity)					
1	a) Panoli Enviro Technology Ltd.		3.00		3.00
	30,000 (Previous Year 30,000) Equity Shares of Rs.10/- each fully paid				
	b) Bharuch Enviro Infrastructure Ltd.		0.21		0.21
	2,100 (Previous Year 2,100) Equity Shares of Rs.10/- each fully paid				
	c) Bharuch Eco-Aqua Infrastructure Ltd.		44.43		44.43
	4,44,339 (Previous Year 4,44,339) Equity Shares of Rs.10/- each fully paid				
	d) Angan Apartment Co-opt Hsg. Society Ltd (Services) Bharuch		0.01		0.01
	5 (Previous Year 5) Equity Shares of Rs.50/- each fully paid				
	e) Abhilasha Tower Co-operative Service Housing Society Ltd.		0.02		0.02
	10 (Previous Year 10) Equity Shares of Rs. 250/- each fully paid				
	f) Sygenta India Limited		0.02		0.02
	160 (Previous Year 160) Equity Shares of Rs. 10/- each fully paid up				
	g) Ciba CKD Biochem Ltd.		0.05		0.05
	100 (Previous Year 100) Equity Shares of Rs. 10/- each fully paid up				
			47.74		47.74
TOTAL			51.80		51.81
	Aggregate book value of Quoted Investments		4.06		4.07
	Aggregate book value of Un-Quoted Investments		47.74		47.74

(Rs. in Lacs)

14 LOANS AND ADVANCES		Non- Current		Current	
		31st March 2012	31st March 2011	31st March 2012	31st March 2011
Capital Advances (Unsecured)					
	Considered good	1,508.15	1,497.76	-	-
	Doubtful	0.55	-	-	-
	Less: Allowance for Doubtful Capital Advances	(0.55)	-	-	-
	A	1,508.15	1,497.76	-	-
Security Deposits (Unsecured)					
	Considered good	371.50	304.97	34.65	91.65
	Doubtful	-	-	-	-
	B	371.50	304.97	34.65	91.65
Loans and advances to related parties (unsecured)					
	Considered good (Refer Note 40)	-	-	11.46	31.00
	C	-	-	11.46	31.00
Other Loans and advances (Unsecured)					
	Advances to Vendors, considered good	-	-	1,227.99	732.58
	Advances to Vendors, Doubtful	-	-	246.74	38.50
	Less: Allowance for Doubtful advances	-	-	(246.74)	(38.50)
	Balance with Central Excise Authorities, Customs etc.	-	-	805.86	816.10
	Prepaid Expenses	-	-	114.95	148.50
	Employee Advances	-	40.00	84.70	12.28
	Other Statutory Advances	8.48	-	1,170.96	649.88
	Other Miscellaneous Advances	35.96	48.99	489.33	662.09
	D	44.44	88.99	3,893.79	3,021.43
TOTAL (A+B+C+D)		1,924.09	1,891.72	3,939.90	3,144.08

(Rs. in Lacs)

15 OTHER ASSETS		Non- Current		Current	
		31st March 2012	31st March 2011	31st March 2012	31st March 2011
	Interest and Other charges recoverable from customers- Good	-	-	190.29	126.95
	Interest and Other charges recoverable from customers- Doubtful	-	-	64.51	54.68
	Less: Allowance for Interest and other charges recoverable from customers	-	-	(64.51)	(54.68)
	Deposits with Excise & Sales Tax Department *	162.37	139.82	-	-
	TOTAL	162.37	139.82	190.29	126.95

*Deposits includes Rs. 158.77 lacs (Previous Year Rs. 139.82 lacs) towards security deposit lodged with the Rajasthan excise department and Rs. 3.60 lacs (Previous Year Rs. Nil) lodged with Commercial Taxes Kottayam.

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: Rs.162.37 lacs (Previous Year Rs. 139.82 lacs); and Fixed deposits upto 3 months maturity from date of acquisition: Rs. NIL (Previous Year Rs. NIL)

(Rs. in Lacs)

16 INVENTORIES		31st March 2012	31st March 2011
(Valued at lower of cost and net realizable value)			
	Raw Materials and Packing Materials {(includes Stock-in-Transit Rs. 322.42 lacs (Previous Year Rs. 87.13 lacs)}	4,730.79	5,209.13
	Work in Progress	4,636.50	3,085.28
	Finished Goods, including By - products.	5,881.12	4,338.36
	Traded Goods	733.93	468.05
	Stores & Spares, Laboratory Chemicals & Apparatus	1,892.79	997.18
	TOTAL	17,875.13	14,098.00

17 TRADE RECEIVABLES		31st March 2012	31st March 2011
Unsecured, considered good unless stated otherwise			
Debts outstanding for a period exceeding six months from the date they are due for payment			
-Considered Good		163.83	196.78
-Doubtful		194.23	143.39
		358.06	340.16
Less: Allowance for Doubtful Debts		(194.23)	(143.39)
	A	163.83	196.78
Others Debts			
-Considered Good		17,059.00	17,298.67
-Doubtful		8.42	6.33
		17,067.42	17,305.00
Less: Allowance for Other Doubtful Debts		(8.42)	(6.33)
	B	17,059.00	17,298.67
TOTAL (A+B)		17,222.83	17,495.45

(Rs. in Lacs)

18 CASH AND BANK BALANCES		31st March 2012	31st March 2011
Cash & Cash Equivalents			
- Balance with banks :			
On Current Accounts		561.95	411.96
- Cash on hand		5.96	8.58
Other Bank Balances			
In Deposit accounts held as margin money*		366.55	277.75
In Unpaid Dividend Accounts **		6.62	2.07
TOTAL		941.08	700.36

* Deposit account includes Rs. 366.55 Lacs (Previous Year Rs.277.75 lacs) towards margin money pledged with banks for Bank Guarantees and Letter of Credit.

* Includes Fixed deposits with more than twelve months maturity from date of acquisition: Rs.366.55 lacs (Previous Year Rs. 277.75 lacs); and Fixed deposits upto 3 months maturity from date of acquisition: Rs. NIL (Previous Year Rs. NIL)

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

19 REVENUE FROM OPERATIONS		31st March 2012	31st March 2011
Revenue from Operations includes			
a)	Sale of products;		
	Finished Goods	94,839.39	79,419.90
	Traded Goods	5,032.54	3,947.01
		99,871.93	83,366.91
b)	Sale of services;	201.54	173.52
		201.54	173.52
c)	Other operating Revenues;		
	Scrap Sales	60.61	44.92
	Others*	151.48	189.98
		212.09	234.90
Revenue From Operations (Gross) (a+b+c)		100,285.56	83,775.33
	Less: Excise Duty;	4,593.97	4,619.19
	Less: Discount	7,781.00	7,155.18
	Revenue From Operations (Net)	87,910.59	72,000.96
d)	Details of products sold		
(i)	Finished goods sold		
	Speciality Chemicals	37,712.52	23,046.95
	Agro Chemicals	51,879.24	44,054.76
	Plant Nutrient	5,076.28	4,992.07
	Polymer	124.16	7,277.18
	Others	47.19	48.94
		94,839.39	79,419.90
(ii)	Traded Goods Sold		
	Agro Chemicals	4,319.70	2,272.62
	Others	712.84	1,674.39
		5,032.54	3,947.01
Total Sale of Products (i+ ii)		99,871.93	83,366.91
(iii)	Details of services rendered		
	Job Work	-	5.64
	Research & Development Activities	201.54	167.88
		201.54	173.52

* Other operating revenue includes Export incentive of Rs. 104.03 lacs (Previous Year Rs. 189.98 Lacs)

(Rs. in Lacs)

20 OTHER INCOME	31st March 2012	31st March 2011
Income from Long term Investment		
Dividend Income from Long Term Investment	0.49	0.29
Income from Short term Investment		
Interest Income;		
- Margin Money Deposits	43.47	16.75
- Others	370.06	257.63
Net gain/ loss on sale of Fixed Assets ;	-	-
Net gain/ loss on sale of Investments ;	0.01	-
Other Non-operating Income	96.05	40.33
Exchange Gain	-	729.43
TOTAL	510.08	1,044.43

(Rs. in Lacs)

21 COST OF RAW MATERIAL AND PACKING MATERIAL CONSUMED		
a) Details of Raw material and packing material consumed	31st March 2012	31st March 2011
Basic Chemicals	21,292.09	16,231.87
Active Ingredients	9,561.55	8,421.45
Solvent	4,761.06	3,078.79
Packaging Material	3,294.50	5,595.54
Catalyst & Emulsifiers	1,347.30	968.57
Others	8,432.87	7,441.72
TOTAL	48,689.37	41,737.94
b) Details of Inventory	31st March 2012	31st March 2011
Basic Chemicals	1,990.06	2,364.61
Packaging Material	1,096.66	1,028.59
Active Ingredients	1,018.51	837.45
Solvent	263.15	229.03
Catalyst & Emulsifiers	252.45	218.84
Others	109.96	530.61
TOTAL	4,730.79	5,209.13

(Rs. in Lacs)

22 (INCREASE)/DECREASE IN INVENTORY	31st March 2012		31st March 2011	
Inventories at the end of the year				
Finished Goods	5,881.12		4,338.36	
Traded Goods	733.93		468.05	
Work in Process	4,636.50	11,251.55	3,085.28	7,891.69
Inventories at the beginning of the year				
Finished Goods	4,338.36		2,925.61	
Traded Goods	468.05		237.07	
Work in Process	3,085.28	7,891.69	1,778.26	4,940.94
TOTAL		(3,359.86)		(2,950.75)

a) **Details of Purchases of Traded Goods**

	31st March 2012	31st March 2011
Agro Chemicals	3,540.17	1,851.83
Others	359.85	1,412.73
TOTAL	3,900.02	3,264.56

b) **Details of Inventory**

	31st March 2012	31st March 2011
Traded Goods		
Agro Chemicals	720.08	454.20
Others	13.85	13.85
TOTAL	733.93	468.05

	31st March 2012	31st March 2011
Work in Progress		
Agro Chemicals	1,419.58	417.63
Speciality Chemicals	3,116.73	2,580.34
Plant Nutrient	100.19	81.71
Polymer	-	5.60
TOTAL	4,636.50	3,085.28

	31st March 2012	31st March 2011
Finished Goods		
Agro Chemicals	4,284.64	2,393.65
Speciality Chemicals	359.32	771.82
Plant Nutrients	246.56	208.92
Polymer	-	501.45
Others	990.60	462.52
TOTAL	5,881.12	4,338.36

(Rs. in Lacs)

23 EMPLOYEE BENEFIT EXPENSES

	31st March 2012	31st March 2011
Salaries, Wages and Bonus	6,202.49	5,187.22
Contribution to Provident & other funds	358.94	376.00
Gratuity and Leave encashment expenses (Refer Note 34)	225.20	151.71
Employee Welfare Expenses	294.46	254.69
Expense on Employee Stock Option Scheme (Refer Note 35)	108.95	-
TOTAL	7,190.04	5,969.62

24 OTHER EXPENSES	31st March 2012	31st March 2011
Power, Fuel & Water	3,625.95	2,677.31
Stores & Spares Consumed	848.18	514.42
Repairs & Maintenance to :		
- Buildings	37.72	43.93
- Plant & Machinery	288.31	185.91
- Other Repairs	195.49	181.07
Environment & Pollution Control expenses	2,986.28	2,025.75
Laboratory & Testing Charges	216.36	261.66
Freight & Cartage	2,033.09	1,745.22
Advertisement & Sales Promotion	2,249.33	1,572.05
Travelling & Conveyance	1,709.20	1,466.22
Exchange Difference	448.44	-
Rent	397.32	305.67
Rates, Taxes & Fees	176.98	119.64
Insurance	153.33	104.31
Donation	17.08	6.48
Loss On Sale of Fixed Assets (Net)	128.62	3.97
Auditor's Remuneration	16.10	16.47
Communication Expenses	207.99	155.17
Bad debts written off (Net)	1.81	0.68
Provision for Bad and Doubtful debts & Advances	379.08	169.31
Director Sitting Fees	37.00	5.80
Legal & Professional Expenses	459.97	341.68
Commission on sale	-	75.77
Bank Charges	157.89	177.69
Prior Period expenses	(5.59)	0.28
Miscellaneous Expenses	387.99	304.75
TOTAL	17,153.92	12,461.21

a. Travelling Expenditure includes Directors Travelling amounting to Rs. 174.75 lacs (Previous Year Rs. 114.51 lacs)

b. Auditors' Remuneration	31st March 2012	31st March 2011
-Audit Fees	10.34	10.26
-Tax Audit Fees	1.50	1.50
-Certificates & other matters	0.55	1.18
-Reimbursement of Expenses	3.71	3.53
TOTAL	16.10	16.47

25 EXCEPTIONAL ITEM	31st March 2012	31st March 2011
Income from sale of polymer Business	3,209.94	-
TOTAL	3,209.94	-

During the year, the Company has disposed off its Polymer compounding business on slump sale basis as a going concern to M/s Rhodia Polymers Ltd at net gain of Rs. 3034.28 lacs. Also, one of the subsidiary company M/s PILL Finance & Investment Ltd. sold part of its land to the aforesaid party at net gain of Rs. 175.66 lacs. The total net gain of Rs. 3209.94 lacs is shown as an exceptional item in the profit & loss account.

(Rs. in Lacs)

26 DEPRECIATION AND AMORTIZATION EXPENSES			
		31st March 2012	31st March 2011
Depreciation on Tangible Assets		1,709.70	1,536.43
Depreciation on Intangible Assets		41.57	35.26
		1,751.27	1,571.69
Less: Recoupment from revaluation reserve		(22.16)	(2.74)
TOTAL		1,729.11	1,568.95

(Rs. in Lacs)

27 FINANCE COST			
		31st March 2012	31st March 2011
Interest			
On Fixed Loans		668.65	681.29
On Working Capital		1,098.16	1,026.44
Others		139.30	56.57
Other Borrowing Costs		45.92	89.90
Exchange Difference to the extent considered as an adjustment to borrowing costs		35.03	-
TOTAL		1,987.06	1,854.20

(Rs. in Lacs)

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			
		31st March 2012	31st March 2011
Employee Benefit Expenses			
Salaries, Wages & Bonus		329.83	283.55
Contributions to Provident & other funds		28.94	28.07
Employee Welfare Expenses		8.07	5.22
		366.84	316.84
Raw & Packing Materials Consumed		33.09	15.56
Other Expenses			
Laboratory & testing Material		87.08	107.83
Power, Fuel & Water		10.46	9.42
Stores & Spares Consumed		37.30	23.76
Testing & Analysis		2.19	2.80
Travelling & Conveyance		20.97	25.96
Rates, Taxes & Fees		0.37	1.53
Printing & Stationery		1.90	0.59
Legal & Professional Charges		9.04	5.63
Miscellaneous Expenses		4.44	6.24
		173.75	183.76
Depreciation			
Depreciation		38.62	37.89
TOTAL		612.30	554.05

b) Capital Expenditure

Description	31st March 2011	Addition during the year	31st March 2012
Buildings	18.12	-	18.12
Equipments & Others	834.05	50.32	884.37
TOTAL	852.17	50.32	902.49

29 In the opinion of the management and to the best of their knowledge and belief, the value on realisation of loans, advances and other current assets, in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet and provisions has been made for all known liabilities.

30 DISCONTINUED OPERATIONS

The Company has entered into a Business Transfer Agreement on 20th December, 2010 for selling its polymer division as a going concern on slump sale basis for net sale consideration of Rs. 6,659.63 lacs This transaction was concluded on 11th April 2011. The Company recognised profit of Rs. 2,279.18 lacs (Net of taxes) on account of sale of the business.

The Additional Disclosure as per AS-24, issued pursuant to the Companies(Accounting Standards) Rules 2006, is set out below:

The following statement shows the revenue and expenses of Discontinued operations for the year ended 31st March 2012 and 2011 respectively

Particulars	Discontinued Operations	Discontinuing Operations
	11th April 2011	31st March 2011
Gross Sales	124.16	8,124.67
Operating Expense	127.63	7,456.27
Pre-Tax profit (loss) from operating activities	(3.47)	668.40
Interest expense	-	116.72
Profit (loss) before Tax	(3.47)	551.68
Income Tax expense	(0.45)	205.85
Profit (loss) after Tax	(3.02)	345.83

The carrying amount of total assets and liabilities pertaining to the business are as follows:

Particulars	As at	
	11th April 2011	31st March 2011
Total Assets	4,474.55	4,470.88
Total Liabilities	1,111.98	1,045.38

As on 31st March 2012, the carrying amount of Assets & Liabilities of discontinued business is Rs. NIL.

Cash Flow Disclosure Related to Discontinued Operations

Particulars	As at	
	11th April 2011	31st March 2011
Cash Flow from operations	(1.39)	736.42
Net Working Capital Changes	(233.29)	(528.73)
Net Cash flow from Operating Activities	(234.68)	207.69
Net Cash flow from Investing Activities	(2.96)	(20.88)
Net Cash flow from Financing Activities	66.40	(116.72)
Net Cash inflow/ (outflow)	(171.24)	70.09

31 EARNING PER SHARE		31st March 2012	31st March 2011
a)	Net Profit for Basic & Diluted EPS	10,359.18	6,510.39
b)	Number of Equity Shares at the beginning of the year	11,187,501	7,087,508
Add:	Bonus Shares issued during the period ended 31st March 2011	-	3,729,167
Add:	Partial conversion of Compulsorily Convertible Preference Shares into Equity Shares during the year 2010-11	-	370,826
Add:	Conversion of CCPS and OCD into Equity Shares during the year	1,336,688	-
Add:	Sub-division of Equity Shares @ Rs 5 each	12,524,189	11,187,501
	Total Number of shares outstanding at the end of the year	25,048,378	22,375,002
	Weighted average number of Equity Shares outstanding during the year - Basic	24,968,031	22,292,709
	Weighted average number of Equity shares arising out of outstanding Compulsorily Convertible Preference Shares and Optionally Convertible Debentures that have dilutive effect on EPS	87,019	2,636,790
	Weighted Average number of Equity Shares arising out of grant of Employee Stock option	95,605	-
	Weighted average number of Equity Shares outstanding during the year - Diluted	25,150,655	24,929,499
	Earning Per Share - Basic (Rs.)	41.49	29.20
	Earning per share - Diluted (Rs.)	41.19	26.12
	Face value per share (Rs.)	5/-	10/-

*Pursuant to the approval of the shareholders in their meeting held on 16th July 2011, the Company has sub-divided the existing equity shares of Rs. 10/- each fully paid up into 2 equity shares of Rs. 5/- each. Further, in accordance with Accounting Standard (AS-20), the earning per share for the current and comparative period has been recomputed after adjusting for the sub-division of the shares.

32 NOTE ON AS 30 ADOPTION

The Company has adopted Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurement". Based on the Recognition and Measurement principles set out in AS 30, changes in the fair values of derivative financial instruments, the net foreign exchange exposure over a period of one year against the committed order in hand hedged through forward contracts, are designated as effective cash flow hedges and marked to market loss/gain arising on said foreign currency instruments are transferred to "Cash Flow Hedge Reserve" directly in the Balance Sheet under Reserves & Surplus and later the same is reclassified into Profit & Loss account upon the occurrence of the hedging transaction. Accordingly marked to market loss of Rs. 492.60 lacs arising on foreign currency instruments qualifying for hedge accounting as on 31st March 2012 has been transferred to Cash Flow Hedge Reserve Account.

33 NOTE ON ADOPTION OF REVISED SCHEDULE VI

These financial Statements comprising the balance sheet and statement of profit and loss and notes have been prepared in accordance with Revised Schedule VI which has been made applicable for financial year commencing on or after 1st April, 2011, vide MCA's notification no. S.O. 653(E) dated 30th March, 2011.

34 GRATUITY & LEAVE ENCASHMENT

As per Accounting Standard (AS)- 15 "Employee Benefits", the disclosure of employee benefits as defined in the accounting standard is given below:

a) Defined Contribution Plans:-

The Company has recognised an expense of Rs. 358.94 Lacs (Previous Year Rs. 376 lacs) towards the defined contribution plan.

b) Defined benefits plans - as per actuarial valuation

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Non-Funded	Funded	Non-Funded
	Rs./Lacs	Rs./Lacs	Rs./Lacs	Rs./Lacs
I Change in present value of obligation during the year				
1 Present value of obligation at the beginning of the year	407.14	168.13	326.85	149.01
2 Current Service Cost	64.45	51.09	49.63	36.30
3 Interest Cost	34.61	14.21	26.14	11.91
4 Past Service Cost	-	-	51.78	-
5 Net Actuarial (Gain)/Loss	49.52	31.80	10.66	(1.37)
6 Benefits Paid	(52.84)	(44.78)	(57.92)	(27.72)
7 Present Value of obligation as at year-end	502.88	220.45	407.14	168.13
II Change in Fair Value of Plan Assets during the year				
1 Plan assets at the beginning of the year	322.42	-	346.50	-
2 Expected return on plan assets	27.41	-	27.72	-
3 Actuarial Gain/(Loss) on plan assets	(8.00)	-	5.19	-
4 Employer's contribution	83.20	-	-	-
5 Benefits paid	(52.84)	-	(56.99)	-
6 Plan assets at the end of the year	372.19	-	322.42	-
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	502.88	220.45	407.14	168.13
2 Fair value of plan assets at year -end	372.19	-	322.42	-
3 Funded status {(Surplus/Deficit)}	(130.69)	(220.45)	(84.72)	(168.13)
4 Net Asset/(Liability)	(130.69)	(220.45)	(84.72)	(168.13)
IV Expenses recognised in the Profit and Loss Account				
1 Current Service Cost	64.45	51.09	49.63	36.30
2 Interest Cost	34.61	14.21	26.14	11.91
3 Past service Cost	-	-	51.78	-
4 Expected return on plan assets	(27.41)	-	(27.72)	-
5 Net Actuarial (Gain)/Loss	57.52	31.80	5.47	(1.37)
6 Total Expense	129.17	97.10	105.30	46.84
V Actuarial Assumptions				
1 Discount Rate	8.50%	8.50%	8.00%	8.00%
2 Expected rate of return on plan assets	8.50%	-	8.00%	-
3 Mortality Table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96) duly modified	LIC (1994-96) duly modified
4 Salary Escalation	6.00%	6.00%	5.50%	5.50%

35 EMPLOYEE STOCK OPTION PLANS

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 21st January, 2011 and is administered through independent trust. During the year, Compensation Committee of the Board granted following options under PII ESOP 2010 Scheme to certain category of employees as per criteria laid down by Compensation Committee of the Board.

	Loyalty Options	Performance Options
Date of Grant	2nd April 2012	2nd April 2012
Options Granted	1,99,000*	1,64,836*
Exercise price #	Rs. 233.88*	Rs. 263.12*
Vesting Period	1-2 Years	1-4 Years
Exercise period	6 years from the date of vesting of options	6 years from the date of vesting of options

* Post Split

arrived at discount to the closing market price of company share at BSE prior to the date of grant

The details of exercise price for stock option outstanding at the end of the year

	2011-12		2010-11	
	No. of options	Weighted average exercise price (Rs.)	No. of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	363836	247.13	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	363836	247.13	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life of outstanding options		7.08		-
Weighted average fair value of options granted		172.35		-

The details of Exercise Price for stock options outstanding at the end of the year

Range of Exercise price	2011-12			2010-11		
	No. of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise price	No. of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise price
PII ESOP 2010 PLAN						
200-300	363836	7.08	247.13	-	-	-

Methods and Assumptions used to estimate the fair value of options granted during the year:
2011-12

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

The assumptions used in the model are as follows:

Variables	Loyalty Option- 2nd April 2011	Performance Options- 2nd April 2011
1 Risk Free Interest rate	7.42%	7.42%-7.67%
2 Expected Life	4 years- 5 years	4 years- 7 years
3 Expected Volatility	56.54% - 56.77%	56.54% - 66.65%
4 Dividend Yield	0.68%	0.68%
5 Price of the underlying share in market at the time of the option granted (Rs.)	292.35	292.35

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2011-12 is Rs. 108.95 lacs. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2011-12 would be Rs 369.93 lacs. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro- Forma Adjusted Net Income and Earning per share

Particulars	(Rs. in Lacs)
Net Income as reported	10,359.18
Add: Intrinsic Value Compensation Cost	108.95
Less: Fair Value Compensation cost	(369.93)
Adjusted Pro Forma Net income	10,098.20
Earning Per Share: Basic	
As Reported	41.49
Adjusted Pro Forma	40.44
Earning Per Share: Diluted	
As Reported	41.19
Adjusted Pro Forma	40.15

(Rs. in Lacs)

36 CAPITAL & OTHER COMMITMENTS

	31st March 2012	31st March 2011
a. Estimated Amount of Contracts remaining to be executed on capital account and not provided for (Net of advances) is Rs. 6,643.48 (Previous Year Rs. 1,456.19 lacs)	6,799.26	1,456.19
b. Bank Guarantees	379.83	250.88
c. Letter of Credit	1,680.49	3,270.62

(Rs. in Lacs)

37 LEASES

The Company is a lessee under various operating leases. Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31st March 2012	31st March 2011
- Payable within one year	608.88	408.87
-Later than one year and not later than five years	1510.44	887.13
-Later than five years	642.16	-
-Lease payments recognised in P&L account	501.60	355.13

The Company has entered a lease agreement with some of the parties for lease for the corporate office. The lease rent would be increased by 12.5% after every 3 years.

38 CAPITALISATION OF EXPENDITURE

Pre-operative expenditure capitalised as a part of Fixed Assets and carried forward is as under:

	31st March 2012	31st March 2011
A. Brought forward from the earlier year	706.43	200.51
B. Expenditure incurred during the year:		
Staff Costs	432.67	289.91
Administrative expenses	360.38	127.99
Interest and commitment charges	154.75	119.78
Stores Consumption	105.47	302.86
Exchange Difference	124.32	-
	1177.59	840.54
C. Capitalised as part of :		
Plant & Machinery	617.28	307.96
Building	-	26.66
	617.28	334.62
D. Carried forward as part of capital work in progress	1266.74	706.43

39 SEGMENT INFORMATION**a) Primary Segment Information (Business Segments)**

Amount (Rs. in Lacs)

Particulars	Chemicals	Others	Total
1 Revenue			
External Revenue (Gross)	100,478.91	316.72	100,795.63
	(76,533.32)	(8,286.44)	(84,819.76)
Inter Segment Revenue	-	-	-
	-	-	-
Segment Revenue Total	100,478.91	316.72	100,795.63
	(76,533.32)	(8,286.44)	(84,819.76)
2 Segment Result	12,505.63	198.42	12,704.05
	(9,898.64)	(820.50)	(10,719.14)
Segment Result Total	12,505.63	198.42	12,704.05
	(9,898.64)	(820.50)	(10,719.14)
Profit before Interest, etc, and taxation			
Less: Interest			1,987.06
			(1,854.20)
Add: Interest Income			413.53
			(274.38)
Add: Dividend Income			0.49
			(0.29)
Profit / (Loss) before Tax			11,131.01
			(9,139.61)
3 Segment Assets	79,724.55	432.08	80,156.63
	(61,652.47)	(4,746.86)	(66,399.33)
4 Segment Liabilities	47,804.30	(192.14)	47,612.16
	(43,818.54)	(1,207.76)	(45,026.30)
5 Capital Expenditure			
Total Cost incurred during the year to acquire segment assets	16,693.04	140.52	16,833.56
	(14,966.89)	(364.69)	(15,331.58)
6 Depreciation			
Segment Depreciation	1,708.86	20.25	1,729.11
	(1,491.05)	(77.90)	(1,568.95)

7	Non Cash Expenses			
	Segment non-cash expenses other than depreciation/ amortisation	509.37	0.14	509.51
		(173.24)	(0.72)	(173.96)
	Unallocable Non-cash expenses			-
				(22.44)
	Total Non-cash expenses			509.51
				(196.40)
	(Previous Year figures are given in bracket)			
b)	Secondary Segment information (Geographical Segments)		31st March 2012	31st March 2011
1	Segment Revenue			
	- Within India		61,330.59	59,168.84
	- Outside India		39,465.04	25,650.92
	Total Revenue		100,795.63	84,819.76
2	Segment Assets*			
	- Within India		67,131.47	57,141.86
	- Outside India		13,025.16	9,257.47
	Total Assets		80,156.63	66,399.33
*	Segment Assets outside India is entirely related to Sundry Debtors.			

40 RELATED PARTY DISCLOSURES

Related party disclosure, as required by Accounting Standard-18, is as below:

a) List of Related Parties

i. Enterprises in respect of which reporting enterprise is an associate:

a) Lucrative Leasing Finance and Investment Company Ltd; b) Parateek Finance and Investment Company Ltd;

ii. Key Managerial Personnel & their relatives (KMP):

(a) Key Managerial Personnel

Mr. Salil Singhal	Chairman & Managing Director
Mr. Mayank Singhal	Managing Director & CEO
Mr. Anurag Surana	Whole time Director

(b) Relatives of Key Managerial Personnel:-

Relation with Key Managerial Personnel	Mr. Salil Singhal	Mr. Mayank Singhal
Father		Salil Singhal
Mother	Saraswati Singhal	Madhu Singhal
Wife	Madhu Singhal	
Sister		Pooja Singhal Shefali Khushlani
Son	Mayank Singhal	
Daughter		Pooja Singhal Shefali Khushlani

iii **Enterprises over which KMP and their relatives are able to exercise significant influence :-**

(a) Samaya Investment and Trading Pvt. Ltd; (b)Wolkem India Ltd.; (c)Secure Meters Ltd., (d) Salil Singhal (HUF) and (e) Singhal Foundation.

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

(Rs. in Lacs)

Nature of Transactions	Type of relation	2011-12			2010-11		
		Transactions during the period		Balance outstanding Dr (Cr)	Transactions during the period		Balance outstanding Dr (Cr)
		Recd/Pur.	Paid/Sales		Recd/Pur.	Paid/Sales	
Purchase/Sales of goods and services	a(iii)(b) & a(iii)(c)	2.79	-	(0.15)	52.60	117.15	25.93
Remuneration to directors	a(ii)(a)	-	502.19	(100.00)	-	453.56	(65.00)
Interest	a(ii)(a), a(ii)(b) & a(iii)	-	87.04	(44.72)	31.73	78.49	-
Rent	a(ii) & a(iii)	-	105.59	(2.18)	-	116.77	3.99
Deposits Received and Paid	a(ii)	458.46	506.74	(590.31)	95.34	87.99	(619.10)
Security Deposits	a(ii) & a(iii)	69.78	-	-	-	5.27	31.06
Recovery of Dues on account of expenses incurred	a(iii)(b) & a(iii)(c)	23.94	-	15.68	28.48	-	-
Reimbursement on account of expenses	a(iii)(c)	-	4.67	-	-	-	-
Loans Granted	a(iii)(a)	-	-	-	1,000.00	1,000.00	-
Inter Corporate Deposit	a(iii)	40.00	115.00	(115.00)	70.00	-	190.00
Donation	a(iii)	-	10.00	-	-	5.00	-
Salary	a(ii)(b)	-	1.18	-	-	-	-
Traveling & Other Expenditure	a(ii)	-	230.91	2.14	-	159.45	1.60

(Rs. in Lacs)

41 CONTINGENT LIABILITIES

	31st March 2012	31st March 2011
Disputed Taxation demands not acknowledged as debts:		
-Sales Tax	176.41	162.81
- Excise Duty	84.99	84.99
- Income Tax	243.06	-
- Custom Duty	71.08	-
Anti Dumping Duty	230.44	230.44
Counter Guarantee to GIDC	32.85	32.85

42 DERIVATIVES, INSTRUMENTS AND HEDGED/ UNHEDGED FOREIGN CURRENCY EXPOSURE

i) All financial and derivative contracts entered into by the Company are for hedging purposes.

ii) Forward Contract outstanding as at Balance Sheet date

(in Lacs)

Currency	Amount Outstanding as at 31st March, 12	Amount Outstanding as at 31st March, 11	Buy / Sell	Purpose
USD	266.53	200.00	Sell	Hedging
EURO	-	80.00	Sell	Hedging

These forward covers are against export debtors and future receivables over a period of one year against committed orders in hand.

iii) Particulars for Hedged Foreign Currency Exposure

(in Lacs)

Particulars	Currency	Amount as at 31st March' 12 (in Foreign Currency)	Amount as at 31st March' 12 (in INR)	Amount as at 31st March' 11 (in Foreign Currency)	Amount as at 31st March' 11 (INR)
Export Debtors	USD	77.18	3,675.45	64.31	3,026.72
	EURO	-	-	4.38	269.95

iv) Foreign currency exposure that are not hedged by derivative or forward contracts as at Balance Sheet Date

(in Lacs)

Particulars	Currency	Amount as at 31st March' 12 (in Foreign Currency)	Amount as at 31st March' 12 (in INR)	Amount as at 31st March' 11 (in Foreign Currency)	Amount as at 31st March' 11 (INR)	
1	ECB Term loan	USD	200.00	10,238.00	-	-
2	PCFC Loan	USD	80.01	4,095.92	121.87	5,445.22
3	Buyers Credit	USD	-	-	2.83	126.56
4	EEFC Account	USD	0.66	33.83	0.66	29.55
5	Import Creditors (Net)	USD	45.38	2,323.00	67.70	3,024.80
		EURO	-	-	0.59	36.84
		GBH	-	-	(0.03)	(2.51)
		CHF	-	-	(0.20)	(9.29)
		JPY	63.20	39.49	480.82	254.83
6	Export Debtors	USD	174.42	8,927.75	132.06	5,899.26
		EURO	5.78	395.03	-	-
		JPY	43.13	26.93	114.00	61.54

43 DEFERRAL/ CAPITALISATION OF EXCHANGE DIFFERENCE

Pursuant to notification dated March 31, 2009 and December 29, 2011 issued by the Ministry the Ministry of Corporate Affairs, Government of India, the Company decided to exercise the option of accounting for Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements in so far as they relate to the acquisition of depreciable capital assets by addition to/ deduction from the cost of the asset and depreciate the same over the balance life of the asset. Accordingly, the current year exchange losses amounting to Rs. 124.32 lacs have been adjusted to the cost of fixed assets/CWIP.

The unamortised amount of exchange fluctuation as on the reporting date is Rs. 164.11 lacs (Previous Year Rs. 43.29 lacs)

(Rs. in Lacs)

44 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

	31st March 2012		31st March 2011	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March 2012	351.06	-	322.77	-
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	1,185.14	23.45	2,208.57	58.69
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.	-	-	-	-

(Rs. in Lacs)

45 VALUE OF IMPORTS CALCULATED ON CIF BASIS		
	31st March 2012	31st March 2011
Raw Materials	18,562.02	16,704.98
Spare Parts & Components	264.04	168.56
Capital Goods	461.09	395.59

(Rs. in Lacs)

46 EARNINGS IN FOREIGN CURRENCY		
	31st March 2012	31st March 2011
Export of Goods on FOB Basis	39,363.92	24,877.39

(Rs. in Lacs)

47 EXPENDITURE IN FOREIGN CURRENCY		
	31st March 2012	31st March 2011
Professional	67.98	59.32
Consultancy	7.95	2.59
Interest	62.26	64.67
Travelling	16.30	11.54
Salary	15.97	42.47
Others	268.21	338.84

48 ACTUAL PRODUCTION, PURCHASES, SALES AND STOCK OF GOODS MANUFACTURED						
S.No.	Product	Opening	Production Stock	Purchases	Sales	Closing Stock
(I)	QUANTITY (IN TONNES)					
	Current Year					
	a) Chemicals including by-product/Traded goods	4,816	49,046	800	50,534	4,128
	b) Polymer	549	-	-	549	-
	TOTAL	5,365	49,046	800	51,083	4,128
	Previous Year					
	a) Chemicals including by-product/Traded goods	(4,216)	(45,876)	(1,299)	(46,575)	(4,816)
	b) Polymer	(803)	(6,232)	-	(6,486)	(549)
	TOTAL	(5,019)	(52,108)	(1,299)	(53,061)	(5,365)
(II)	IN VALUE (Rs. In lacs)					
	Current Year					
	a) Chemicals including by-product/Traded goods	7,404.11		3,900.02	99,747.77	11,251.55
	b) Polymer	487.58		-	124.16	-
	TOTAL	7,891.69	-	3,900.02	99,871.93	11,251.55
	Previous Year					
	a) Chemicals including by-product/Traded goods	(4,500.06)		(3,264.56)	(75,242.24)	(7,404.11)
	b) Polymer	(440.88)		-	(8,124.67)	(487.58)
	TOTAL	(4,940.94)	-	(3,264.56)	(83,366.91)	(7,891.69)

49 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS AND SPARE PARTS CONSUMED

	31st March 2012		31st March 2011	
	Qty (in Tonnes)	(in Rs. Lacs)	Qty (in Tonnes)	(in Rs. Lacs)
Technical Pesticides	374.00	1,493.89	442.00	1,552.47
Inert Chemicals & Adjuvants	156,806.00	39,526.96	161,406.00	32,362.31
Polymers	184.00	157.84	6,030.00	5,065.42
Others	-	7,510.68	-	4,080.42
TOTAL	156,864.00	48,689.37	167,878.00	43,060.62

PARTICULARS	31st March 2012		31st March 2011	
	%	Rs.in Lacs	%	Rs.in Lacs
i Raw Material				
Imported	48.64	21,635.42	36.19	14,154.24
Indigenous	51.36	22,848.44	63.81	24,951.46
ii Packing Material				
Imported	-	-	2.89	114.15
Indigenous	100.00	4,205.51	97.11	3,840.77

50 Figures of previous year have been regrouped and/or rearranged wherever necessary to make them comparable with those of the current year.

Signatures to the Notes to Accounts

As per our separate report of even date attached

For B. D. Gargiyya & Co
Chartered Accountants

Sd/-
Ashok Mangal
Partner
M. No. 71714
Firm Rg. No. 001072C

For S. S. Kothari Mehta & Co
Chartered Accountants

Sd/-
Krishan Kant Tulshan
Partner
M. No. 85033
Firm Rg. No. 000756N

For and on behalf of the Board of Directors

Sd/-
Salil Singhal
Chairman & Managing Director
Sd/-
Mayank Singhal
Managing Director & CEO

Sd/-
Rajnish Sarna
Executive Director
Corp. Strategy & Finance

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurgaon
Dated: 29.05.2012

PILL FINANCE & INVESTMENTS LIMITED

Board of Directors

Mr. Salil Singhal
Mr. Anurag Surana
Mr. Mayank Singhal

Bankers

ICICI Bank Ltd.
IDBI Bank Ltd.

Auditors

Kishan M. Mehta & Co.
Chartered Accountants
Ahmedabad - 380 009

Registered Office

209, Himalaya Arcade
Near Bharat Petrol Pump
Vastrapur,
Ahmedabad - 380 015.

DIRECTOR'S REPORT

TO THE MEMBERS

The Directors have pleasure in submitting their report on the business and operations of the Company along with Audited Accounts for the year ended on March 31, 2012.

FINANCIAL RESULTS

(Amount in Rs.)

S.No.	Particulars	Current year (2011-12)	Previous year (2010-11)
1.	Total Turnover	26,18,662	7,11,068
2.	Expenditure	77,738	128784
3.	Profit before Exceptional Items and tax	25,40,924	5,82,284
.	Add: Exceptional item		
	Profit from sale of land	1,75,65,808	-
	Profit before tax	2,01,06,732	
	Less: Provision for tax	44,00,000	1,85,000
4.	Profit after tax	1,57,06,732	3,97,284

OPERATIONAL HIGHLIGHTS

During the year, Company had registered Profit before tax amounting to Rs. 2.01 Crores which mainly comprised of sale proceeds of land sale to the tune of Rs. 1.75 Crores. The net profit for the year stood at Rs. 1.57 Crores.

DIVIDEND

The Directors do not recommend any dividend during the year and decided to plough back the profit of the Company for its business activities.

DEPOSITS

The Company has not accepted any deposit during the financial year under review within the meaning of Section 58A of the Companies Act, 1956.

DIRECTORS

Mr. Mayank Singhal, Director retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, in relation to Directors Responsibility Statement, your Directors confirm as under:

- 1) in the preparation of the annual accounts for the year ended on March 31, 2012, the applicable accounting standards have been followed by the Company.
- 2) appropriate accounting policies have been selected and applied consistently and have made judgment 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, 2012 and of the profit for the year ended March 31, 2012.
- 3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the annual accounts are prepared on a going concern basis.

AUDITORS

M/s Kishan M. Mehta & Co., Chartered Accountants, Ahmedabad, the Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. Members are requested to re-appoint them and fix their remuneration. Pursuant to Section 224(1B) of the Companies Act, 1956 a Certificate regarding their eligibility for re-appointment has been received.

COMPLIANCE CERTIFICATE FROM COMPANY SECRETARY

As required u/s 383-A(1) of the Companies Act.1956, a compliance certificate from a Company Secretary in practice has been obtained.

EMPLOYEES

None of the employee draw remuneration in excess of limit prescribed U/s 217 (2A) of the Companies Act, 1956. Therefore, disclosure is not required.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information required under section 217(a) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars of the report of the Board of Directors) Rules, 1988 as to conservation of energy and technology absorption do not apply to our Company and as to foreign exchange earning and outgo, there are no activities relating to exports and no foreign exchange was used by the Company.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the support and co-operation received by the Company from bankers, various departments of the Governments of India, Gujarat and business associates.

For and on behalf of Board of Directors

Place: Ahmedabad
Date : 20.04.2012

Sd/-
(Salil Singhal)
Director

Sd/-
(Anurag Surana)
Director

AUDITOR'S REPORT

TO THE MEMBERS OF PILL FINANCE & INVESTMENTS LIMITED

1. We have audited the attached Balance Sheet of the "PILL FINANCE & INVESTMENT LIMITED (the company)" as at 31st March, 2012 and also the Profit Loss Account and the cash flow statement for the year ended on that date annexed thereto. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the Act) and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments, in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have 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 appears from our examination of such books.
 - c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, gives the information required by the Companies Act, 1956 in the manner so required & give a true & fair view of and in conformity with accounting principles generally accepted in India:-
 - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012
 - (b) In the case of Profit & Loss Account of the profit of the company for the year ended on that date and
 - (c) In the case of cash flow statement of the cash flows for the year ended on that date.
5. On the basis of written representation received from directors and taken on record by the board of directors, in the board meeting, none of the directors of the company is disqualified from being appointed as a director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

For Kishan M. Mehta & Co.
Chartered Accountants
Registration No.105229W

Sd/-
(U.P. Bhavsar)
Partner
M.No.43559

Place: Ahmedabad
Dated: 21.04.2012

Annexure

Referred to in paragraph 3 of our report of even date

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) As explained to us, the fixed assets have been physically verified by the management in reasonable, interval and no material discrepancies have been noticed on such verification.
- (c) During the year, the Company has not disposed off a substantial part of fixed assets.
- (ii) (a) The nature of Company's activities during the year has been such that clause (ii)(a), (ii)(b) & (ii)(c) of paragraph 4 of the Company's Auditor's Report) Order, 2003 are not applicable to the company for the year.
- (iii) (a) As per the information furnished, the company has not granted or taken any loan, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loan, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the para 4(iii) (b), 4 (iii) (c), and 4 (iii) (d)4(iii) (f) and 4(iii)(g) of the companies (Auditor's Report) Order, 2003 are not applicable.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services whichever is applicable. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) There being no transaction entered in to the register maintained u/s 301 of companies Act, 1956 para (v)(b) of the order is not applicable.
- (vi) The company has not accepted any deposits during the year from public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder. Hence, the Para 4 (v) of the order is not applicable.
- (vii) As per the information and explanation given to us the company did not have formal internal audit system however it has adequate internal control system commensurate with size of the company.
- (viii) The provision of section 209(1)(d) of the companies Act,1956 regarding maintenance of cost record is not applicable to the company.
- (ix) (a) According to the information and explanations given to us and the records examined by us, Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us there are no dues of income tax/ sales tax/ wealth tax/ service tax/ customs duty/ excise duty cess which have not been deposited on account of any dispute.
- (x) There are no accumulated losses of the Company as on 31/03/2012. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) clause (xi) of paragraph 4 of the Company's (Auditor's Report) Order, 2003 are not applicable to the company for year as company has not taken any loan from financial institution or bank or debenture holders.
- (xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or nidhi mutual benefit fund/ Society therefore, the provisions of para- 4 (xiii) of the Companies Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) According to the information and explanation given to us the company has not raised any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds are raised on short-term basis.
- (xviii) The company has not made any preferential allotment of shares during the year.
- (xix) The company has not issued any debentures and hence, the question of creating securities or charges in respect thereof does not arise.
- (xx) The company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.
- (xxii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Kishan M. Mehta & Co.
Chartered Accountants
Registration No.105229W

Sd/-
(U.P. Bhavsar)
Partner
M.No.43559

Place: Ahmedabad
Dated: 21.04.2012

PILL FINANCE & INVESTMENTS LIMITED
BALANCE SHEET AS AT 31.03.2012

(Amount in Rs.)

PARTICULARS	NOTE NO.	AS AT 31.03.2012	AS AT 31.03.2011
EQUITY & LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share Capital	1	3,600,000	3,600,000
Reserves & Surplus	2	22,615,897	6,580,534
		26,215,897	10,180,534
SHARE APPLICATION MONEY PENDING ALLOTMENT:			
		-	-
NON-CURRENT LIABILITIES:			
Long-Term Borrowings		-	-
Deffered tax liabilities (Net)		-	-
Other Long-Term Liabilities		-	-
Long-Term Provisions		-	-
		-	-
CURRENT LIABILITIES:			
Short-Term Borrowings	3	50,000	50,000
Trade Payables		-	-
Other current liabilities	4	52,035	103,682
Short-Term Provisions	5	4,138,397	-
		4,240,432	153,682
TOTAL		30,456,329	10,334,216
ASSETS			
NON CURRENT ASSETS:			
Fixed Assets			
-Tangible Assets	6	1,235,962	1,910,154
-Intangible Assets		-	-
-Capital work-in-progress		-	-
-Intangible Assets under Development		-	-
Non-Current investments	7	412,512	414,070
Deffered Tax assets (net)		-	-
Long-Term loans and advances	8	5,000	30,000
Other non-current assets		-	-
		1,653,474	2,354,224
CURRENT ASSETS:			
Current Investments		-	-
Inventories		-	-
Trade Receivables	9	60	60
Cash and cash equivalents	10	3,302,795	1,484,225
Short-term Loans and advances	11	25,500,000	6,000,000
Other current assets	12	-	495,707
		28,802,855	7,979,991
TOTAL		30,456,329	10,334,216
Notes Forming Part of Accounts	16		

As per our report attached.

FOR KISHAN M. MEHTA & CO.

Chartered Accountants
Registration No.105229W

Sd/-
(U.P.BHAVSAR)
Partner
M. No. 43559

For and on behalf of Board of Directors of PILL Fin. & Inv. Ltd.

Sd/-
(Anurag Surana)
Director

Sd/-
(Salil Singhal)
Director

Place: Ahmedabad
Date: 21.04.2012

Place: Ahmedabad
Date: 20.04.2012

PILL FINANCE & INVESTMENTS LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in Rs.)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31.03.2012	FOR THE YEAR ENDED 31.03.2011
INCOME:			
Revenue from operations	13	2,440,027	684,000
Other Income	14	178,635	27,068
TOTAL		2,618,662	711,068
EXPENDITURE:			
Miscellaneous Expenses	15	2,400	2,400
Bank Charges		877	900
Legal & Professional Fees		62,328	110,042
Audit Fees		12,133	15,442
TOTAL		77,738	128,784
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		2,540,925	582,284
Add: Exceptional Items			
Profit on Sale of Land		17,565,808	-
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		20,106,733	582,284
Add: Extraordinary items			
		-	-
PROFIT BEFORE TAX		20,106,733	582,284
Less: Provision For Current Tax		4,400,000	185,000
Less: Deferred Tax		-	-
PROFIT AFTER TAX		15,706,733	397,284
Notes Forming Part of Accounts			
No. of Equity Shares at the end of the year	16	360,000	360,000
Profit for calculation of E.P.S. (Rs.)		15,706,733	397,284
Earning Per share - Basic & Diluted		43.63	1.10

As per our report attached.

FOR KISHAN M. MEHTA & CO.
Chartered Accountants
Registration No.105229W

Sd/-
(U.P.BHAVSAR)
Partner
M. No. 43559

Place: Ahmedabad
Date: 21.04.2012

For and on behalf of Board of Directors of PILL Fin. & Inv. Ltd.

Sd/-
(Anurag Surana)
Director

Place: Ahmedabad
Date: 20.04.2012

Sd/-
(Salil Singhal)
Director

PILL FINANCE & INVESTMENTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03. 2012

(Amount in Rs.)

	31.03.2012	31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and Extraordinary items	2,540,925	582,284
Adjustment for :		
Interest Received	(2,386,027)	(600,000)
Dividend Received	(46,924)	(27,068)
Operating Profit before working capital changes	107,974	(44,784)
Working capital		
Non Current Investments	1,558	-
(Increase)/Decrease in other current assets	495,707	-
Increase/(Decrease) in other current liabilities	(51,647)	87,137
Increase/(Decrease) in short term provisions	(261,603)	-
Cash generated from operations	291,988	42,353
Direct Taxes Paid	328,631	(158,439)
Net Cash from operating activities	620,619	(116,086)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	18,240,000	-
(Increase) Decrease in Loans	(19,500,000)	-
Interest Received	2,386,027	600,000
Dividend Received	46,924	27,068
Net Cash used in investing activities	1,172,951	627,068
CASH FLOW FROM FINANCING ACTIVITIES		
(Increase)decrease in Long term Loans	25,000	-
Net Cash used in financing activities	25,000	-
INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS	1,818,570	510,982
Opening cash or cash equivalents	1,484,225	973,243
Closing cash or cash equivalents	3,302,795	1,484,225

As per our report attached.

FOR KISHAN M. MEHTA & CO.
Chartered Accountants
Registration No.105229W

Sd/-
(U.P.BHAVSAR)
Partner
M. No. 43559

Place: Ahmedabad
Date: 21.04.2012

For and on behalf of Board of Directors of PILL Fin. & Inv. Ltd.

Sd/-
(Anurag Surana)
Director

Sd/-
(Salil Singhal)
Director

Place: Ahmedabad
Date: 20.04.2012

PILL FINANCE & INVESTMENTS LIMITED
NOTES TO ACCOUNTS

(Amount in Rs.)

NOTE 1	AS AT	AS AT
NOTE 1(a)	31.03.2012	31.03.2011
SHARE CAPITAL		
AUTHORISED:		
5,00,000 (5,00,000) Equity		
Shares of Rs.10/-each	5,000,000	5,000,000
35,000 (35,000) Redeemable		
Preference Shares of Rs.100/- each	3,500,000	3,500,000
TOTAL	8,500,000	8,500,000
ISSUED & SUBSCRIBED & PAID UP		
3,60,000, (3,60,000) Equity Shares of		
Rs.10/-each fully paid up		
(entire share capital is held by-Holding Company		
PI Industries Ltd. and its'nominees)	3,600,000	3,600,000
TOTAL	3,600,000	3,600,000

* Figures in bracket pertains to previous year

NOTE 1(b)	Equity Shares (No. of Shares)		Equity Shares (Value of Shares)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
RECONCILIATION OF SHARES OUTSTANDING				
a. Share outstanding at beginning of year	360,000	360,000	3,600,000	3,600,000
b. Shares issued during the year	-	-	-	-
c. Shares bought back during the year	-	-	-	-
Share outstanding at end of year	360,000	360,000	3,600,000	3,600,000

NOTE 1(c)	31.03.2012	31.03.2012	31.03.2011	31.03.2011
Equity Shares	No. of Shares	%	No. of Shares	%
SHAREHOLDERS HOLDING MORE THAN 5% SHARES				
PI Industries Limited	360,000	100	360,000	100

NOTE 1(d)
Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share (Previous Year Rs. 10 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.

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

(Amount in Rs.)

NOTE 2	AS AT	AS AT
	31.03.2012	31.03.2011
RESERVES & SURPLUS:		
Capital Redemption Reserve :		
As per last year	3,500,000	3,500,000
Add: Transfer from Profit & Loss account	-	-
	3,500,000	3,500,000
Profit & Loss Account:		
As per last year	3,080,534	2,510,866
Add: Income tax refund of earlier year	319,706	172,384
Add: Income tax Provision Written Back	8,925	-
Add: Current Year Profit	15,706,733	397,284
	19,115,897	3,080,534
TOTAL	22,615,897	6,580,534

(Amount in Rs.)

NOTE 3

	AS AT 31.03.2012	AS AT 31.03.2011
SHORT-TERM BORROWINGS		
Unsecured		
Deposits		
From Related Parties:		
-PI Industries Limited-Holding Company	50,000	50,000
From Others	-	-
TOTAL	50,000	50,000

(Amount in Rs.)

NOTE 4

	AS AT 31.03.2012	AS AT 31.03.2011
OTHER CURRENT LIABILITIES		
Expenses Payable	35,296	79,416
TDS Payable	2,206	8,824
Professional Tax Payable	2,400	-
Audit Fees Payable	12,133	15,442
TOTAL	52,035	103,682

(Amount in Rs.)

NOTE 5

	AS AT 31.03.2012	AS AT 31.03.2011
SHORT TERM PROVISIONS		
Income Tax provision	4,400,000	-
Less : TDS	238,603	-
Less : Advance Tax	23,000	-
TOTAL	4,138,397	-

(Amount in Rs.)

NOTE 6**FIXED ASSETS - TANGIBLE**

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As on 01.04.2011	Additions	Deductions	As on 31.03.2012	Upto Previous year	During the year	Recouped	Total	As on 31.03.2012	As on 31.03.2011
1.	Freehold Land	1,910,154	-	674,192	1,235,962	-	-	-	-	1,235,962	1,910,154
	Current Year	1,910,154	-	674,192	1,235,962	-	-	-	-	1,235,962	1,910,154
	Prev. Year	1,910,154	-	-	1,910,154	-	-	-	-	1,910,154	1,910,154

NOTE 7

	AS AT 31.03.2012	AS AT 31.03.2011
NON CURRENT INVESTMENTS		
(As valued, verified & certified by the management)		
Quoted, Non-trade & Long Term		
700(700) Equity Shares of United Credit Ltd. of Rs.10/-each fully paid	21,000	21,000
12(12) Equity Shares of Summit Securities Ltd. of Rs.10/- each fully paid	-	-
50(50) Equity Shares of Akzo Nobel India Ltd. of Rs.10/-each fully paid	5,400	5,400
976(976) Equity Shares of BASF India Ltd. of Rs.10/-each fully paid	45,571	45,571
90(90) Equity Shares of Sudarshan Chemical Industries Ltd. of Rs.10/-each fully paid	4,140	4,140
* 2070(207) Equity Shares of Rallis India Ltd. of Rs.1/- each fully paid	12,420	12,420
66(66) Equity Shares of Bayers Crop Science Ltd. of Rs.10/-each fully paid	18,680	18,680
248(248) Equity Shares of Punjab Chemicals & Crop Protection Ltd. of Rs.10/-each fully paid	8,804	8,804
42(42) Equity Shares of Wyeth Ltd. of Rs.10/-each fully paid	15,246	15,246
100(100) Equity Shares of Aventis Pharma Ltd. of Rs.10/-each fully paid	3,300	3,300
150(150) Equity Shares of L.M.L.Ltd. of Rs.10/-each fully paid	1,776	1,776
188(188) Equity Shares of United Sprits Ltd. of Rs.10/-each fully paid	4,644	4,644
360(360) Equity Shares of RPG Life Sciences Ltd. of Rs.10/-each fully paid	21,817	23,375
100(100) Equity Shares of Voltas Ltd. of Rs.1/-each fully paid	1,345	1,345
460(460) equity shares of ICICI Bank Ltd. Of Rs.10/- each fully paid	241,500	241,500
(Aggregate market value of quoted shares is Rs.1,722,274/- (Previous Year.Rs.2,072,521/-)		
UNQUOTED, NON TRADE & LONG TERM		
160(160) Equity Shares of Syngenta India Ltd. of Rs.10/-each fully paid	1,869	1,869
100(100) Equity Shares of Ciba CKD Biochem Ltd. of Rs.10/-each fully paid	5,000	5,000
TOTAL	412,512	414,070

* Share sub-divided from face value of Rs.10/- each to Rs.1/- each w.e.f. 17.07.2011

(Amount in Rs.)

NOTE 8

	AS AT 31.03.2012	AS AT 31.03.2011
LONG TERM LOANS AND ADVANCES		
(Unsecured Considered Good)		
Security Deposits	5,000	30,000
Others	-	-
TOTAL	5,000	30,000

(Amount in Rs.)

NOTE 9

	AS AT 31.03.2012	AS AT 31.03.2011
TRADE RECEIVABLES		
(Unsecured Considered Good)		
Trade Receivables		
Exceeding Six Months	60	60
Others	-	-
TOTAL	60	60

(Amount in Rs.)

NOTE 10

	AS AT 31.03.2012	AS AT 31.03.2011
CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on hand	-	-
Balances with Banks	3,302,795	1,484,225
Other Bank Balances		
	-	-
TOTAL	3,302,795	1,484,225

(Amount in Rs.)

NOTE 11

	AS AT 31.03.2012	AS AT 31.03.2011
SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans and advances to related parties:		
- PI Industries Limited (Holding Company)	25,500,000	6,000,000
Others	-	-
TOTAL	25,500,000	6,000,000

(Amount in Rs.)

NOTE 12

	AS AT 31.03.2012	AS AT 31.03.2011
OTHER CURRENT ASSETS		
Advance Tax	-	894,840
TDS	-	60,000
Less : Provision For Tax	-	459,133
TOTAL	-	495,707

(Amount in Rs.)

NOTE 13

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
REVENUE FROM OPERATIONS		
Interest Income	2,386,027	600,000
	2,386,027	600,000
Other financial services:		
-Lease Rent	54,000	84,000
	54,000	84,000
TOTAL	2,440,027	684,000

(Amount in Rs.)

NOTE 14

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
OTHER INCOME		
Dividend	46,924	27,068
Net gain/(loss) on investments	(1,465)	-
Interest on income tax refund	133,176	-
TOTAL	178,635	27,068

(Amount in Rs.)

NOTE 15

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
MISCELLANEOUS EXPENSES		
Professional tax	2,400	2,400
TOTAL	2,400	2,400

Note: 16 NOTES FORMING PART OF ACCOUNTS
1. Significant Accounting Policies :
(a) Basis of Accounting:

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with generally accepted accounting principles in India, the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, as adopted consistently by the Company.

(b) Fixed Assets :

Fixed assets being land is stated at cost of acquisition.

(c) Investments:

Investments are stated at cost. Provision for diminution in the value of investment is made, if it is other than temporary.

(d) Revenue Recognition

Lease rent Income: Lease income is recognised on straight line basis over the lease term.

Investment Income: Income from Investment is accounted on accrual basis, inclusive of related tax deducted at source.

Dividend Income: Dividend income is accounted for in the year in which the right to receive the same is established.

(e) Taxation: Current tax is the amount of tax payable in respect of taxable income for the period.
(f) Other accounting policies

Accounting policies not specifically referred to are consistent with generally accepted accounting practices.

2. Payments to Auditors:

	2011-12	2010-11
	Rs.	Rs.
Audit Fee	12,133	15,442
Income Tax Matters	-	88,792
Other Reports etc.	15,442	-
TOTAL	27,575	104,234

3. Provision for income tax is made as per Income Tax Regulations.

4. RELATED PARTY DISCLOSURE, AS REQUIRED BY ACCOUNTING STANDARD - 18, IS AS BELOW:

The following transactions were carried out with holding company PI INDUSTRIES LTD. in the ordinary course of activities

(Amount in Rs.)

S. No.	Particulars	Transaction during the year		Balance outstanding as at 31.03.2012	Balance outstanding as at 31.03.2011
		Current Year	Previous Year		
1	Inter Corporate Deposit given	19,500,000	-	25,500,000 Dr	60,00,000 Dr.
2	Interest Received	2,386,027	600,000	-	-
3	Rent Received	54,000	84,000	-	-
4	Security Deposit	-	-	50,000 Cr.	50,000 Cr.

5. Disclosure requirement of Accounting Standard 17 for Segment reporting does not apply as company is not engaged in providing any product or service.

6. Previous year's figures are regrouped or rearranged to make them comparable with those of current year.

Signatures to Notes - '1' to '16'

As per our report attached.

For and on behalf of Board of Directors of PILL Fin. & Inv. Ltd.

FOR KISHAN M. MEHTA & CO.

Chartered Accountants
Registration No.105229W

Sd/-
(U.P.BHAVSAR)
Partner
M. No. 43559

Sd/-
(Anurag Surana)
Director

Sd/-
(Salil Singhal)
Director

Place: Ahmedabad
Date: 21.04.2012

Place: Ahmedabad
Date: 20.04.2012

PI LIFE SCIENCE RESEARCH LIMITED

Board of Directors

Mr. Mayank Singhal

Dr. S.P. Vishnoi

Mr. Anurag Surana

Bankers

Axis Bank Ltd.

Auditors

K.S. M.N. & Co.

Chartered Accountants

New Delhi

Registered Office

433-A, Ansal Chambers - II

6, Bhikaji Cama Place

New Delhi - 110 066

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in submitting their report on the business and operations of the Company along with Audited Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Current year (2011-12)	Previous year (2010-11)
Total Turnover	326.99	237.48
Expenditure	151.12	109.22
Profit before prior period income and tax	175.87	128.26
Prior period income	9.33	-
Profit before tax	185.20	128.26
Less: Provision for current tax	37.00	25.60
Provision for deferred tax	16.15	28.70
Tax for earlier years	0.43	-
Profit after Tax	131.62	73.96

OPERATIONAL HIGHLIGHTS

The Company registered a turnover of Rs.327.00 Lacs during the year under review from business activities as compared to turnover of Rs.237.48 lacs in previous year, thus registering a growth of approx. 37.69%. You company has generated net profit after tax of Rs.131.62 Lacs.

DIVIDEND

The Directors do not recommend any dividend during the year and decided to plough back the profit of the Company for its business activities.

DEPOSITS

The Company has not accepted any deposit during the period under review within the meaning of Section 58A of the Companies Act, 1956.

DIRECTORS

Dr. S.P.Vishnoi, Director retires by rotation and being eligible offer himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, in relation to Directors Responsibility Statement, your Directors confirm as under:

1. in the preparation of the Annual Accounts for the year ended on March 31, 2012, the applicable accounting standards have been followed by the Company.
2. appropriate accounting policies have been selected and applied consistently and have made judgment 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, 2012 and of the profit for the year ended March 31, 2012.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts are prepared on a going concern basis.

AUDITORS

M/s KSMN & Co., Chartered Accountants, New Delhi, Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offers themselves for re-appointment. Members are requested to re-appoint them and fix their remuneration. Pursuant to Section 224(1B) of the Companies Act, 1956 a Certificate regarding their eligibility for re-appointment has been received.

COMPLIANCE CERTIFICATE FROM COMPANY SECRETARY:

As required u/s 383-A(1) of the Companies Act.1956, a compliance certificate from a Company Secretary in practice has been obtained.

EMPLOYEES

None of the employee draw remuneration in excess of limit prescribed U/s 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION AND FOREIGN EXCHANGE

The information required under section 217(a)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars of the report of the Board of Directors) Rules, 1988 to conservation of energy and technology absorption do not apply to our Company. Further, foreign exchange earning and outgo appear in Item No.11, 12 & 13 of Schedule 20 of the Annual Accounts.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the support and co-operation received by the Company from bankers, various departments of the Governments of India, Delhi, Rajasthan and business associates.

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

The Board of Directors place on record their appreciation for the excellent performance and impeccable services rendered by the employees of the Company at all levels towards its overall success.

For and on behalf of Board of Directors

Place: Gurgaon
Date : 05.05.2012

Sd/-
(Anurag Surana)
Director

Sd/-
(Mayank Singhal)
Director

AUDITORS' REPORT

To the Members of **PI LIFE SCIENCE RESEARCH LIMITED**

1. We have audited the attached Balance Sheet of **PI LIFE SCIENCE RESEARCH LIMITED** ("the Company") as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) (herein after called the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:-
 - i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as it appears from our examination of the books;
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said account read together with Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Gurgaon
Date: 05.05.2012

For K S M N & COMPANY
Chartered Accountants
Firm Regn. No.001075N

Sd/-
(Deepak K. Aggarwal)
Partner
M. No.: 095541

**Annexure referred to in paragraph 3 of our report of even date
Re: PI LIFE SCIENCE RESEARCH LIMITED ('the Company')**

1. (a) The Company has maintained proper records in respect of its Fixed Assets showing full particulars including quantitative details and situation of fixed assets.
(b) Verification of the fixed assets is being conducted based on a programme by the management designed to cover all assets which, in our opinion, is reasonable having regard to the size of the company and nature of its business. As informed, no material discrepancies were noticed on such verification and the same have been properly adjusted in the books of account.
(c) No fixed assets were disposed off during the year.
2. According to the information and explanations given to us and the records examined by us, the Company is not having any inventory, in view of which the related reporting requirement of the Order is not applicable to the company.
3. (a) As informed to us, the company has not given any loan, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b) to (d) of the Order are not applicable.
(b) As informed to us, the company has not taken any loan, secured or unsecured, from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (f) to (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with size of the company and the nature of its business with regard to purchase of fixed assets and for sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of an instance of a continuing failure to correct major weaknesses in the aforesaid internal control systems.
5. (a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975.
7. In our opinion, the Company has an internal audit system which appears to be commensurate with the size and nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 in respect of any of the activities carried out by the company.
9. (a) According to the examination of records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities during the year. There are no such dues outstanding for more than six months from the date they became payable as on the date of balance sheet.
(b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of Custom duty, Sales Tax, Wealth Tax, Income Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses as at the close of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company does not have any dues payable to any financial institutions, banks and debenture holders.

- 12 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
- 14 According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
- 15 The Company has not given any guarantees against loans taken by others from banks & financial institutions, hence the related reporting requirements of the Order are not applicable.
- 16 In our opinion and on the basis of information and explanations given to us, the company has not raised any term loan during the financial year, hence the related reporting requirement of the Order are not applicable.
- 17 On the basis of information and explanations given to us, and on the basis of an overall examination of the balance sheet of the company, no funds raised on short term basis have been applied for long term investment.
- 18 The Company has not made any preferential allotment of shares, during the year, to companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 The Company has not issued any debentures during the year nor are there any debentures outstanding at the end of the year.
- 20 The Company has not raised any money through public issues during the year.
- 21 During the course of examination of books and records of the Company carried out in accordance with the generally accepted auditing practices in India, based on the audit procedures performed and the representation obtained from the Management, we report that no fraud on or by the Company has been noticed or reported during the year under audit.

For K S M N & COMPANY
Chartered Accountants
Firm Regn. No.001075N

Sd/-
(Deepak K. Aggarwal)
Partner
M. No. : 095541

Place : Gurgaon
Date: 05.05.2012

PI LIFE SCIENCE RESEARCH LIMITED
BALANCE SHEET AS AT 31.03.2012

PARTICULARS	NOTE NO.	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
EQUITY & LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1	9,450,000	9,450,000
Reserves & Surplus	2	34,495,775	21,333,686
NON-CURRENT LIABILITIES:			
Deferred tax liabilities (Net)	3	4,485,091	2,869,759
Long-Term Provisions	4	282,664	235,386
CURRENT LIABILITIES:			
Trade Payables	5	812,891	1,019,221
Other current liabilities	6	1,125,040	2,572,306
Short-Term Provisions	7	79,827	158,829
TOTAL		50,731,288	37,639,187
ASSETS			
NON CURRENT ASSETS:			
Fixed Assets			
-Tangible Assets	8	32,284,621	19,866,905
-Capital work-in-progress	8	-	13,885,116
Long-Term loans and advances	9	472,766	20,000
CURRENT ASSETS:			
Trade Receivables	10	6,772,080	3,314,514
Cash and Bank Balances	11	10,962,791	271,485
Short-term Loans and advances		-	-
Other current assets	12	239,030	281,167
Summary of significant accounting policies	20		
TOTAL		50,731,288	37,639,187

The accompanying notes are an integral part of the financial statements

As per our report of even date

For K S M N & Company
Chartered Accountants
Firm Regn. No. 001075N

For and on behalf of the Board of Directors of PI Life Science Research Limited

Sd/-
(Deepak K. Aggarwal)

Partner
M. No. 095541
Place: Gurgaon
Date: 05.05.2012

Sd/-
(Mayank Singhal)
Director

Sd/-
(Anurag Surana)
Director

PI LIFE SCIENCE RESEARCH LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03. 2012

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31.03.2012 RUPEES	FOR THE YEAR ENDED 31.03.2011 RUPEES
INCOME			
Revenue From Operations	13	32,663,899	23,563,646
Other Income	14	35,604	184,710
Total Revenue		32,699,503	23,748,356
EXPENDITURE			
Cost of Material Consumed	15	2,130,447	2,444,023
Employee Benefit Expenses	16	3,807,018	2,911,874
(Increase)/Decrease In Inventories of Finished goods and Work in progress		-	-
Finance Costs	17	-	189,863
Depreciation and Amortization expenses		1,564,577	840,838
Other Expenses	18	7,610,417	4,535,887
Total Expenses		15,112,459	10,922,485
PROFIT BEFORE PRIOR PERIOD INCOME AND TAX		17,587,044	12,825,871
Prior Periods Income/(Expense) (Net)		932,856	-
PROFIT/(LOSS) BEFORE TAX		18,519,900	12,825,871
Provision for Taxation			
- Current Tax		3,700,000	2,560,000
- Deferred Tax		1,615,332	2,869,759
- Tax for earlier years		42,479	-
PROFIT/(LOSS) AFTER TAX		13,162,089	7,396,112
Earning per share	19		
- Basic		13.93	7.83
- Diluted		13.93	7.83
(Face value Rs.10/- per share)			
Summary of significant accounting policies	20		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For K S M N & Company
Chartered Accountants
Firm Regn. No. 001075N

For and on behalf of the Board of Directors of PI Life Science Research Limited

Sd/-
(Deepak K. Aggarwal)
Partner
M. No. 095541
Place: Gurgaon
Date: 05.05.2012

Sd/-
(Mayank Singhal)
Director

Sd/-
(Anurag Surana)
Director

PI LIFE SCIENCE RESEARCH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

	FOR THE YEAR ENDED 31.03.2012 RUPEES	FOR THE YEAR ENDED 31.03.2011 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / Loss before tax and Extraordinary items	18,519,900	12,825,871
Adjustment for :		
Depreciation	1,564,577	840,838
Interest on Borrowings	-	189,863
Operating Profit before working capital changes	20,084,477	13,856,572
Adjustment for :		
Decrease/(Increase) in trade receivables	(3,457,566)	14,006
Increase/(Decrease) in trade payables	(206,330)	981,492
Increase/(Decrease) in other current liabilities	(1,447,266)	1,588,278
Decrease/(Increase) in other current assets	42,137	(281,167)
Increase/ (Decrease) in long-term provisions	47,278	(75,358)
Increase/ (Decrease) in Short-term provisions	73,967	5,860
Cash generated from/ (used in) operations	15,136,697	16,089,683
Direct Taxes paid	(4,348,214)	(1,957,360)
Net Cash Flow from/ (used in) operating activities (A)	10,788,483	14,132,323
CASH FLOW FROM INVESTING ACTIVITIES		
Loans & Advances	-	11,948,486
Capital Advances	-	258,910
Purchase for Fixed Assets	(97,177)	(27,372,702)
Net Cash Flow from/ (used in) investing activities (B)	(97,177)	(15,165,306)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-	(189,863)
Net Cash Flow from/ (used in) financing activities (C)	-	(189,863)
INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS (A+B+C)	10,691,306	(1,222,846)
Opening cash or cash equivalents	271,485	1,494,331
Closing cash or cash equivalents	10,962,791	271,485

As per our separate report of even date attached

For K S M N & Company
Chartered Accountants
Firm Regn. No. 001075N

For and on behalf of the Board of Directors of PI Life Science Research Limited

Sd/-
(Deepak K. Aggarwal)
Partner
M. No. 095541
Place: Gurgaon
Date: 05.05.2012

Sd/-
(Mayank Singhal)
Director

Sd/-
(Anurag Surana)
Director

PI LIFE SCIENCE RESEARCH LIMITED
NOTES TO THE BALANCE SHEET AS AT 31.03.2012

NOTE - 1

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
NOTE - 1(a)		
SHARE CAPITAL		
Authorized capital		
10,00,000(previous year 10,00,000) Equity Shares of Rs. 10 each	10,000,000	10,000,000
	10,000,000	10,000,000
Issued, Subscribed & fully Paid up:		
9,45,000 (previous year 9,45,000) Equity Shares of Rs. 10/-each	9,450,000	9,450,000
TOTAL	9,450,000	9,450,000

	2011-12		2010-11	
	No. of Shares	Rs.	No. of Shares	Rs.
NOTE - 1(b)				
RECONCILIATION OF EQUITY SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD				
Share outstanding at beginning of year	945,000	9,450,000	945,000	9,450,000
Bonus Shares issued during the year	-	-	-	-
Shares Converted into Equity	-	-	-	-
Split of shares	-	-	-	-

NOTE - 1(c)

Terms/ rights attached to Equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share (Previous Year Rs. 10 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuing Annual General meeting.

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

	AS AT 31.03.2012		AS AT 31.03.2011	
	No. of Shares	% Holding	No. of Shares	% Holding

NOTE - 1(d)

DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

PI Industries Limited and its nominees	945,000	100	945,000	100
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	AS AT 31.03.2012		AS AT 31.03.2011	
--	---------------------	--	---------------------	--

NOTE - 1(e)

The Equity shares held by Holding Company :

	No. of Shares	Rs.	No. of Shares	Rs.
PI Industries Limited and its nominees	945,000	9,450,000	945,000	9,450,000

NOTE - 2

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
RESERVES & SURPLUS		
Surplus in the statement of Profit and Loss		
Balance as per last financial statements	21,333,686	13,937,574
Add: Profit for the year	13,162,089	7,396,112
TOTAL	34,495,775	21,333,686

NOTE - 3

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
DEFERRED TAX LIABILITIES (NET)		
Deferred tax assets/ liabilities are attributable to the following items;		
Deferred Tax Assets		
Effects of expenditure debited to P&L account in the current year but allowed for tax purposes in the following year	-	-
Sub- Total (a)	-	-
Deferred Tax Liabilities		
Difference in depreciation and amortization in block of fixed assets as per Income Tax Act and books of accounts & Others	4,485,091	2,869,759
Sub- Total (b)	4,485,091	2,869,759
Net Deferred Tax Liability (a)-(b)	4,485,091	2,869,759

NOTE - 4

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
LONG TERM PROVISIONS		
Provision for employee benefits		
-Gratuity Payable	173,910	147,002
-Leave Encashment	108,754	88,384
TOTAL	282,664	235,386

NOTE - 5

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
TRADE PAYABLES		
Payable to Micro & Small Enterprises	-	-
Payable to Others than Micro & Small Enterprises	812,891	1,019,221
TOTAL	812,891	1,019,221

NOTE - 6

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
OTHER CURRENT LIABILITIES		
Other Payables:		
-Payable to Employee	755,843	641,304
-Dues to holding Co.	-	1,425,805
(Maximum balance outstanding during the year NIL, previous year Rs. 20,27,073/-)		
-Statutory Dues(Including PF and ESI)	158,346	64,122
-Miscellaneous Expenses Payable	210,851	441,075
TOTAL	1,125,040	2,572,306

NOTE - 7

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
SHORT TERM PROVISIONS		
Provision for employee benefits		
-Gratuity Payable	48,757	3,709
-Leave encashment	31,070	2,151
Income Tax (net of advance tax of Rs.NIL, previous year of Rs. 5,607,031/-)	-	152,969
TOTAL	79,827	158,829

(Amount in Rs.)

NOTE 8

FIXED ASSETS- TANGIBLE

Particulars	Gross Block		Depreciation		Net Block	
	AS AT 01.04.2011	Additions	AS AT 1.04.2011	During the year	AS AT 31.03.2012	AS AT 31.03.2011
R & D Equipments	21,424,953	-	2,462,457	1,017,685	3,480,142	17,944,811
Safety & Pollution Control Equipments	608,915	49,600	156,589	30,494	187,084	471,431
R & D Equipments New Lab	-	9,121,337	-	287,102	287,102	8,834,235
Furniture & Fixtures	303,386	51,915	200,041	24,970	225,011	130,290
Office Equipments	499,136	83,528	150,398	56,255	206,653	376,011
Utility Equipment New Lab	-	4,675,913	-	1,48,071	1,48,071	4,527,842
TOTAL	22,836,390	13,982,293	2,969,485	1,564,577	4,534,062	19,866,905
Capital Work in Progress	13,885,116	-	-	-	-	13,885,116
GRAND TOTAL	36,721,506	13,982,293	2,969,485	1,564,577	4,534,062	33,752,021
Previous Year	9,348,804	13,487,586	2,128,647	840,838	2,969,485	19,866,905

NOTE - 9

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
LONG-TERM LOANS AND ADVANCES		
Unsecured, Considered Good :		
Security Deposit with Sales Tax Department	20,000	20,000
Advance Income Tax (Net of Provision for Income Tax Rs. 62,60,000/-, Previous Year Rs. NIL)	452,766	-
TOTAL	472,766	20,000

NOTE - 10

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
TRADE RECEIVABLES		
a) Receivables outstanding for a period exceeding six months from the date they are due for payment		
Considered good		
- Secured	-	-
- Unsecured	-	-
Considered doubtful	-	-
Less: Provision for Bad and Doubtful receivables	-	-
	-	-
b) Other receivables		
Considered good		
-Secured	-	-
-Unsecured	6,772,080	3,314,514
Considered doubtful	-	-
Less: Provision for Bad and Doubtful receivables	-	-
	6,772,080	3,314,514
TOTAL	6,772,080	3,314,514

NOTE - 11

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
CASH & BANK BALANCES		
Cash and Cash Equivalents		
-Cash on Hand	6,463	5,185
-Balances with Scheduled Banks in Current A/c	10,956,328	266,300
TOTAL	10,962,791	271,485

NOTE - 12

	AS AT 31.03.2012 RUPEES	AS AT 31.03.2011 RUPEES
OTHER CURRENT ASSETS		
Prepaid Expenses	113,197	99,605
Service Tax receivable	125,833	181,562
TOTAL	239,030	281,167

NOTE - 13

	YEAR ENDED 31.03.2012 RUPEES	YEAR ENDED 31.03.2011 RUPEES
REVENUE FROM OPERATIONS		
Revenue from sale of services		
- Royalty Income	1,12,98,043	67,77,601
- Income from Research & Development	2,13,65,856	1,67,86,045
	32,663,899	2,35,63,646
Other Operating Revenues:		
Revenue from sale of goods	964,887	-
Less: Purchase Cost	964,887	-
	-	-
TOTAL	3,26,63,899	2,35,63,646

NOTE - 14

	YEAR ENDED 31.03.2012 RUPEES	YEAR ENDED 31.03.2011 RUPEES
OTHER INCOME		
Foreign Exchange Gain(Net)	-	63,583
Interest Recd on Bank deposits and others	15,984	2,842
Excess provision written back	19,620	1,18,285
TOTAL	35,604	184,710

NOTE - 15

	YEAR ENDED 31.03.2012 RUPEES	YEAR ENDED 31.03.2011 RUPEES
COST OF MATERIAL CONSUMED		
Chemical Consumption	1,605,507	23,29,977
Laboratory Apparatus	421,785	75,046
R & D Expenses	103,155	39,000
TOTAL	2,130,447	2,444,023

NOTE - 16

	YEAR ENDED 31.03.2012 RUPEES	YEAR ENDED 31.03.2011 RUPEES
EMPLOYEE BENEFIT EXPENSES		
Salary, wages and Other Allowances	3,181,242	2,116,806
Contribution to provident and other funds	210,843	9,354
Employee welfare Expenses	414,933	785,714
TOTAL	3,807,018	2,911,874

NOTE - 17

	YEAR ENDED 31.03.2012 RUPEES	YEAR ENDED 31.03.2011 RUPEES
FINANCE COSTS		
Interest paid to Holding company	-	189,863
TOTAL	-	189,863

NOTE - 18

	YEAR ENDED 31.03.2012 RUPEES	YEAR ENDED 31.03.2011 RUPEES
OTHER EXPENSES		
Power & Electric Expenses	958,014	476,065
Repairs to machinery	690,899	78,598
Foreign Exchange rate difference(Net)	37,531	-
Postage & Telegram Expenses	18,380	30,535
Printing & Stationary	905	4,552
Office Expenses	21,152	79,185
Rent	1,114,000	473,250
Audit Fees	22,000	11,000
Travelling Expenses	10,992	33,709
Travelling Expenses- Other	1,024,584	1,620,178
Legal & Professional Fee	3,162,731	1,556,003
Freight charges	245,962	94,882
Bank Charges	50,886	45,921
Interest on Income Tax	134,326	-
Misc. Expenses	118,055	32,009
TOTAL	7,610,417	4,535,887

NOTE - 19

	YEAR ENDED 31.03.2012 RUPEES	YEAR ENDED 31.03.2011 RUPEES
EARNING PER SHARE		
Net Profit/(Loss) after tax	13,162,089	7,396,112
Less:- Dividend on Cumulative Preferences Share	-	-
Less:- Provision for Dividend distribution tax on Cumulative Preferences Shares Dividend	-	-
Net Profit/(Loss) after tax available for equity shareholders (Rs.)	13,162,089	7,396,112
Weighted average number of equity share		
For Basic EPS	945,000	945,000
For Diluted EPS	945,000	945,000
Nominal Value of shares	10	10
Earning per share (EPS) (In Rupees)		
Basic	13.93	7.83
Diluted	13.93	7.83

NOTE - 20

Notes to the Financial Statements

Summary of significant Accounting Policies

1. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended and as applicable from time to time) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention on Going Concern basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2. Summary of significant accounting policies

2.1. Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of these financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.3. Revenue recognition

Sale of Goods & Services

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- a) Revenue is recognized as the service is performed by the completed service method, no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the services and the revenue can be reliably measured.
- b) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- c) Dividend is recognized when shareholders' right to receive payment is established by the balance sheet date.

2.4. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost individually. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments in case of long term investments.

2.5. Fixed & Intangible Assets

Fixed Assets

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

Intangible Assets

Capital Expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS-26 – Intangible Assets. These are grouped and separately shown under the schedule of Fixed Assets. These are amortized over their respective expected useful lives.

2.6. Expenses Incurred During Construction Period

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction / implementation, interest on borrowings to finance fixed assets and expenditure on start-up / commissioning of assets forming part of a composite project are capitalized upto the date of commissioning of the project as the cost of respective assets.

2.7. Depreciation & Amortization

Depreciation on Fixed Assets is provided using the written down Method as per the useful lives of the assets established by the management, or at the rates prescribed under Schedule XIV of the Companies Act, whichever is higher, except in respect of certain Plant & Machinery are depreciated as per the straight line method. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the assets.

Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

Intangible assets are amortized over a period of 3-5 Years on a straight line basis.

2.8. Impairment of assets

Assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units). For the purpose of assessing impairment at each Balance Sheet date, Assets within a Cash Generating Unit are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount at which the assets under individual Cash Generating Unit are carried in the books exceeds its recoverable amount being the higher of the assets net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the assets.

Previously recognized impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

2.9. Foreign exchange transactions/Translation

- a) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- b) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-Monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) **Exchange Differences:** Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expense in the year in which they arise.

2.10. Employees Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employee Benefits.

(i) Provident Fund & ESI

The Company makes contribution to statutory provident fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service

costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year to which such gains or losses relate.

(iii) Leave Encashment

Liability in respect of leave encashment becoming due or expected after the balance date is estimated on the basis of an actuarial valuation performed by an independent Actuary using the projected unit credit method.

(iv) Other Short Term Benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

2.11 Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

2.12. Segment Accounting & Reporting

Identification of Segments

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products.

Allocation of Common Costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Unallocable assets and liabilities represent the assets and liabilities not allocable to any segment as identified as per the Accounting Standard.

Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

2.13. Taxes on Income

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

2.14. Government Grant & Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

2.15. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

2.16. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

- (i) a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made.
- (ii) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the company.
- (iii) Contingent assets are neither accounted for nor disclosed in the financial statements.

2.17. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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

2.18. Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

3. As per information available with the management as certified by them, there is no contingent liability as at 31st March, 2012.
4. As per the information available with the management and as certified by them, there is no outstanding Capital Commitment as on 31st March, 2012.

5. Payments to the statutory auditors

(Amount in Rs.)

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
As auditor:		
Statutory audit	22,000	11,000
Reimbursement of expenses	-	-

6. The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006 and circularized the letters for this purpose. However, the management has not yet received response from any of the enterprises as at March 31, 2012. Accordingly, the disclosures in respect of the amounts payable to such medium and small enterprises at March 31, 2012 have not been made in the financial statements. In the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.
7. The Company's profits from export of the services relating to Research and Development activities are fully deductible from taxable income. In view of the allowance available to the Company under section 80-IB(8A) of the Income Tax Act, 1961, the Company does not have any liability for tax in respect of the profits for the year. However, the Company has accounted for liability for Minimum Alternative Tax in respect of the profits for the year under section 115JB of the Income Tax Act, 1961.
8. Loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.
9. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets'
10. In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.
11. **Value of imports calculated on CIF basis in respect of :**

(Amount in Rs.)

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Raw materials	13,33,486	8,29,604
Capital goods	97,125	1,36,98,196

12. Expenditure in foreign currency (Accrual Basis) on account of:

(Amount in Rs.)

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Professional fees	3,36,345	15,88,701
Travelling	-	32,177

13. Earnings in foreign currency

(Amount in Rs.)

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Export of goods and services calculated on FOB basis	2,13,65,856	1,67,86,045

14. There is no hedged foreign currency exposure as at the balance sheet date and details of Un-hedged foreign currency exposure as at the balance sheet date is as follows:

Particulars	Currency	AS AT 31.03.2012		AS AT 31.03.2011	
		Amount in FC	Amount in INR	Amount in FC	Amount in INR
Debtors	USD	70,200	35,92,836	57,290	25,59,144
	JPY	-	-	14,00,000	7,55,370
Creditors	Euro	-	-	1,500	94,860
	JPY	12,88,463	8,05,689	-	-

15. Details of imported and indigenous raw material, stores & spare parts consumed

	YEAR ENDED 31.03.2012		YEAR ENDED 31.03.2011	
	Amount in Rs.	%	Amount in Rs.	%
Raw materials (including purchases for consumption)				
Imported	1,333,486	62.59	829,604	33.94
Indigenous	796,961	37.41	1,614,419	66.06

16. The Company operates in only one business segment viz "Research & Development Services", which is the reportable segment in accordance with the requirements of Accounting Standard (AS) - 17 on "Segment Reporting", issued by The Institute of Chartered Accountants of India.

17. Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

18. As per Accounting Standard (AS)- 15 "Employees Benefits", the disclosures of employee benefits as defined in the accounting standard are given below:

Defined benefits plans - as per actuarial valuation as on 31st March 2012:

(Amount in Rs.)

Particulars	Gratuity Non-Funded	Leave Encashment	Gratuity Non-Funded	Leave Encashment
	2011-12	2011-12	2010-11	2010-11
I Expenses recognized in the Profit and Loss Account for the year				
1 Current Service Cost	44,961	-	30,587	-
2 Interest Cost	12,810	-	16,342	-
3 Expected return on plan assets	-	-	-	-
4 Net Actuarial (Gain)/Loss	14,185	(139,824)	(6,747)	(90,535)
5 Total Expense	71,956	(139,824)	40,182	(90,535)
II Net Asset/(Liability) recognized in the Balance Sheet				
1 Present Value of obligation as at year-end	222,667	139,824	150,711	90,535
2 Fair value of plan assets at year -end	-	-	-	-
3 Funded status {(Surplus/Deficit)}	(222,667)	(139,824)	(150,711)	(90,535)
4 Net Asset/(Liability)	(222,667)	-	(150,711)	-
III Change in obligation during the year ended				
1 Present value of obligation at the beginning of the year	150,711	-	204,279	-
2 Current Service Cost	44,961	-	30,587	-

3	Interest Cost	12,810	-	16,342	-
4	Net Actuarial (Gain)/Loss	14185	-	(6747)	-
5	Benefits Paid	-	-	(93750)	-
6	Present Value of obligation as at year-end	226,667	-	150,711	-
IV Actuarial Assumptions					
1	Discount Rate	8.00%	-	8.00%	-
2	Expected rate of return on plan assets	-	-	-	--
3	Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified	LIC(1994-96) duly modified	LIC(1994-96) duly modified
4	Salary Escalation	5.50%	5.50%	5.00%	5.00%

19. Related party disclosure, as required by Accounting Standard - 18, is as below:

List of related persons:-

I. Holding Company - PI Industries Ltd.

II. Enterprises under common control - PILL Finance & Investment Ltd. & PI Japan Co. Ltd.

III. Enterprises in respect of which Holding Company is an associate - Lucrative Leasing Finance & investment Co. Ltd & Parteeek Finance & Investment Co. Ltd.

IV. Enterprises over which KMP and their relatives are able to exercise significant influence - Samaya Investment Trading Pvt. Ltd, Hycron electronics, PI Apparels Pvt. Ltd, Wolkem India Ltd., Secure Meters Ltd.& Salil Singhal HUF (Karta)

V. Key Managerial Personnel & their relatives- Mr. Anurag Surana(Director), Mr. Mayank Singhal (Director), Mr. Salil Singhal (Director of HoldingCompany), **Relatives** - Nature of relation with Mr. Salil Singhal has been given in Brackets Mrs. Madhu Singhal (Wife), Arvind Singhal & Sanjaya Singhal (Brothers), Mrs. Shefali Khushlani Ms. Pooja Singhal (Daughters),Sanjay Singhal HUF (Brother's HUF)

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

Particulars	31.03.2012	31.03.2011
Sale of Goods and Services to		
Holding Company	1,22,62,930	67,76,601
Associate and Joint venture	-	-
Enterprises over which key management personnel can exercise significant Influences	-	-
Key management Personnel	-	-
Relative of Key management personal	-	-
TOTAL	1,22,62,930	67,76,601
Rent, electricity and other miscellaneous payment to		
Holding Company	22,64,703	9,49,315
Associate and Joint venture	-	-
Enterprises over which key management personnel can exercise significant Influences	-	-
Key management Personnel	-	-
Relative of Key management personal	-	-
TOTAL	22,64,703	9,49,315
Reimbursement of expenses to		
Holding Company	9,01,926	13,41,681
Associate and Joint venture	-	-
Enterprises over which key management personnel can exercise significant Influences	-	-

Key management Personnel	-	-
Relative of Key management personal	-	-
TOTAL	9,01,926	13,41,681
Loan Received From		
Holding Company	-	75,00,000
Associate and Joint venture	-	-
Enterprises over which key management personnel can exercise significant Influences	-	-
Key management Personnel	-	-
Relative of Key management personal	-	-
TOTAL	-	75,00,000
Interest Paid to		
Holding Company	-	1,89,863
Associate and Joint venture	-	-
Enterprises over which key management personnel can exercise significant Influences	-	-
Key management Personnel	-	-
Relative of Key management personal	-	-
TOTAL	-	1,89,863
Amount payable as at year end		
To Holding Company	-	14,25,805
To Associate and Joint venture	-	-
To Enterprises over which key management personnel can exercise significant Influences	-	-
To Key management Personnel	-	-
To Relative of Key management personal	-	-
TOTAL	-	14,25,805
Amount receivables at the year end		
From Holding Company	31,79,244	-
From Associate and Joint venture	-	-
From Enterprises over which key management personnel can exercise significant Influences	-	-
From Key management Personnel	-	-
From Relative of Key management personal	-	-
TOTAL	31,79,244	-

As per our separate report of even date attached

For K S M N & Company
Chartered Accountants
Firm Regn. No. 001075N

For and on behalf of the Board of Directors of PI Life Science Research Limited

Sd/-
(Deepak K. Aggarwal)
Partner
M. No. 095541
Place: Gurgaon
Date: 05.05.2012

Sd/-
(Mayank Singhal)
Director

Sd/-
(Anurag Surana)
Director

PI JAPAN CO.
Board of Directors

Mr. Junichi Nakano

Bankers

Mitsubishi Tokyo UFJ Bank, Japan

Main Office

2-11-4, The To-han Building
4th Floor, Uchikanda,
2-Chome, Chiyoda-Ku,
Tokyo, 101-0047 Japan

BALANCE SHEET OF PI JAPAN AS AT 31ST MARCH 2012

PARTICULARS	NOTE NO.	AS AT 31.03.2012 AMOUNT (IN JPY)	AS AT 31.03.2011 AMOUNT (IN JPY)
LIABILITIES			
Shareholders Fund			
Share Capital	1	5,000,000	5,000,000
Retained Earnings	1	6,475,415	4,941,448
Current Liabilities			
Other Current Liabilities	2	3,386,842	1,903,163
Short Term provisions	3	532,520	582,329
TOTAL		15,394,777	12,426,940
ASSETS			
Non- Current Assets			
Fixed Assets			
	4		
Tangible Assets Gross		2,002,266	1,889,504
Accumulated Depreciation		(947,880)	(530,957)
Tangible Assets Net		1,054,386	1,358,547
Intangible Assets		-	-
Non- Current Loans & Advances	5	2,653,840	2,653,840
Current Assets			
Cash & Cash Equivalents		5,717,993	1,089,413
Trade Receivable		4,970,740	6,294,688
Short Term Loans and advances	6	997,818	1,030,452
TOTAL		15,394,777	12,426,940

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	NOTE NO.	FY 2011-12 AMOUNT (IN JPY)	FY 2010-11 AMOUNT (IN JPY)
Sales		45,682,782	40,760,582
Gross Profit		45,682,782	40,760,582
Selling General & Administrative Expenses	7	43,507,418	38,819,608
Operating Profit		2,175,364	1,940,974
Interest Income		300	1,381
Miscellaneous Income		563	591
Ordinary Profit		2,176,227	1,942,946
Profit Before Tax Deduction		2,176,227	1,942,946
Income Taxes		642,260	590,074
Net Profit		1,533,967	1,352,872
Other Significant Accounting Policies	8		

NOTES TO BALANCE SHEET & PROFIT AND LOSS STATEMENT
NOTE 1 - SHAREHOLDERS FUND

		AS AT 31.03.2012 (IN JPY)	AS AT 31.03.2011 (IN JPY)
Shareholders' Equity			
Share Capital	Beginning Balance	5,000,000	5,000,000
	Changes of items during the period	-	-
	Ending Balance	5,000,000	5,000,000
Retained Earnings			
	Beginning Balance	4,941,448	3,588,576
	Changes of items during the period	1,533,967	1,352,872
	Ending Balance	6,475,415	4,941,448

NOTE 2 - OTHER CURRENT LIABILITIES

		AS AT 31.03.2012 (IN JPY)	AS AT 31.03.2011 (IN JPY)
Accrued Expenses		2,924,830	1,898,423
Social Insurance		462,012	4,740
		3,386,842	1,903,163

NOTE 3 - SHORT TERM PROVISIONS

		AS AT 31.03.2012 (IN JPY)	AS AT 31.03.2011 (IN JPY)
Income Taxes Payable		347,400	363,900
Withholding Tax		185,120	218,429
		532,520	582,329

NOTE 4 - TANGIBLE & INTANGIBLE ASSETS

(In JPY)										
GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.11	Additions during the year	Deductions	As at 31.03.12	As at 01.04.11	Additions during the year	Deductions	As at 31.03.12	As at 31.03.12	As at 01.04.11
Lease Hold Improvements										
Room Divider	575,991	-	-	575,991	271,642	43217	-	314,859	261,132	304,349
Equipments										
Video Conferencing System	930,000	-	-	930,000	96,875	208281	-	305,156	624,844	833,125
Laptop	103,810	-	-	103,810	69,206	34604	-	103,810	-	34,604
Book (JIS Standard color samples)	136,322	-	-	136,322	45,441	45441	-	90,882	45,440	90,881
Laptop	143,381	-	-	143,381	47,793	47793	-	95,586	47,795	95,588
Laptop	-	112762	-	112,762	-	37587	-	37,587	75,175	-
GRAND TOTAL	1,889,504	112,762	-	2,002,266	530,957	416,923	-	947,880	1,054,386	1,358,547

NOTE 5- NON-CURRENT LOANS AND ADVANCES

	AS AT 31.03.2012 (IN JPY)	AS AT 31.03.2011 (IN JPY)
Lease Deposits	2,653,840	2,653,840
	2,653,840	2,653,840

NOTE 6- CURRENT LOANS AND ADVANCES

	AS AT 31.03.2012 (IN JPY)	AS AT 31.03.2011 (IN JPY)
Prepaid Expenses	350,000	350,000
Consumption Tax Receivable	647,818	680,452
	997,818	1,030,452

NOTE 7 - SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	YEAR ENDED 31.03.2012 AMOUNT (IN JPY)	YEAR ENDED 31.03.2011 AMOUNT (IN JPY)
Directors' Remuneration	12,999,996	12,999,996
Salary	8,489,999	9,240,000
Depreciation	416,923	275,081
Legal Welfare	817,792	88,875
Welfare	5,239	3,429
Advertising	253,620	329,743
Rental	29,000	
Repair	172,000	136,600
Supplies	310,870	490,638
Electricity and Water	247,328	252,484
Charge	85,400	76,465
Taxes and Dues	11,400	13,000
Entertainment	2,416,981	2,337,687
Communication	1,743,465	912,357
Seminar	411,049	199,186
Books, Papers	328,618	241,635
Office Rent	4,000,008	4,000,008
Conference	321,984	296,554
Transportation (travel within 200km)	1,038,831	1,179,620
Domestic Travelling (travel over 200km)	835,762	885,322
International Travelling	1,448,030	1,306,945
Commutation	1,032,044	1,001,064
Consultant Fee	5,986,432	2,465,009
Miscellaneous	104,647	87,910
TOTAL	43,507,418	38,819,608

NOTE 8- SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES

I Significant Accounting Policies

The financial statements have been prepared in accordance with Accounting Standards for Small and Medium Enterprises in Japan.

1 Depreciation method for fixed assets

- a) Leasehold improvements Declining balance method
- b) Equipments (over 200,000 yen) Declining balance method
- c) Equipments (100,000 yen - 200,000 yen) Straight-line method

2 Treatment of deferred assets

Organization costs Straight-line method

3 Accounting for consumption taxes and regional consumption taxes

Consumption taxes and regional consumption taxes are excluded from all figures.

II Notes about Balance sheet

Monetary assets and liabilities to parent company

Accounts Receivable 4,970,740 yen

III Notes about profit and loss statement

Transaction with parent company

Operating transaction

Sales 45,682,782 yen

IV Notes about statement of changes in equity

Information about issued share capital

Sort	31st March 2012	Increase	Decrease	31st March 2011
Common shares	100 shares			100 shares

Shareholding: 100% PI Industries Ltd. (India)

V Information about related party

Attribute	Name	Voting right	Relations			Amount	Account title	Ending balance
			The additional post of director	Actual relations	Detail of business			
Parent company	PI Industries Ltd.	100%	-	Service	Market research	45,682,782 yen	Account receivables	4,970,740 yen

VI Information about per share

Book value per share	114,754 yen
Net profit per share	14,643 yen

PI INDUSTRIES LIMITED

Regd. Office: Udaisagar Road, Udaipur - 313 001 (Rajasthan)

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company held on Friday, **September,14, 2012** at Udaisagar Road, Udaipur - 313 001 at 11.30 A.M. and at any adjournment thereof.

Name of the Member(s)/Proxy attending the Meeting _____

Folio No./Client ID No. & DP ID No. _____

No. of Shares Held _____

Signature of the Member/Proxy _____

PROXY FORM

I/We,S/o /W/o/ D/o of being a Member /Members of the **PI Industries Limited**, hereby appoint Mr./Ms. resident of or failing him/her Mr./Ms. resident of as my/our Proxy to attend and vote for me /us on my/our behalf at the Annual General Meeting of the Company to be held on **Friday, 14th September, 2012** at Udaisagar Road, 313 001 at 11.30 A.M. and at any adjournment thereof.

Client Id./DP-Id/Folio no. _____ No. of Shares held _____

Signed this..... day of2012.



NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need not be a member.
3. The Proxy form duly signed across revenue stamp should reach Company's the Registered Office at Udaisagar Road, Udaipur - 313 001 (Rajasthan), not less than **FORTY EIGHT HOURS** before the time for holding the aforesaid meeting.



PI Industries Ltd.

Corporate Office: 5th floor, Vipul Square, B Block,
Sushant Lok, Phase - 1, Gurgaon-122009 (India)

Registered office: Udaisagar Road, Udaipur-313001, Rajasthan (India)
www.piindustries.com