Inspired by Science

REDEFINING AND
INNOVATING.
CONSTANTLY
AHEAD OF TIME.

PI Industries Ltd.

ANNUAL REPORT 2016-17

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Cautionary Statement Regarding Forward-Looking Statement

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

REDEFINING AND INNOVATING. CONSTANTLY AHEAD OF TIME.

Being inspired by science, innovation runs deep at PI. The sheer possibilities that chemistry harbours for shaping a better world inspires us and our thirst for innovation continues to get stronger by the day. Our spirit of innovation is driven by our quest to find better ways of doing things and commitment towards continued investments in capability building, R&D and knowledge assets.

Our success rests on constantly delivering value across the agri value chain and we have been setting new benchmarks in the agrichem domain on sustainable basis.

Our integrated business strategies are backed by prominent brand positions, best in-class quality of operations and long-standing relationships built on the principles of trust. At PI, we constantly evaluate our strategies to stay ahead of competition by making right choices at the right time.

Acknowledging the fact that one who stays ahead of time stays ahead of the curve, we endeavour to expand our value proposition by leveraging our assimilated expertise and skills in the fine chemicals universe, thus, going beyond agrichem. We are leading the innovation journey that will prove to be ahead of its time, in times to come.

Innovation distinguishes between a leader and a follower

-Steves Jobs

PI IN BRIEF

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

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

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

PI Industries has brought value-added offerings to millions of farmers in the country and across the globe, thereby creating a favourable impression in the minds of the local and global customers. Strong technical capabilities in the areas of research and development, manufacturing services, brand building, strong distribution presence in India and customer-connect initiatives help us chart a differentiated course for stakeholder's value creation.

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

VISION

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

VALUES

TRUST.

LIKE THE EARTH, WE ARE DEPENDABLE

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

SPEED.

BLAZING AHEAD, LIKE FIRE

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

ADAPTABILITY.

ADAPTIVE, LIKE WATER

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

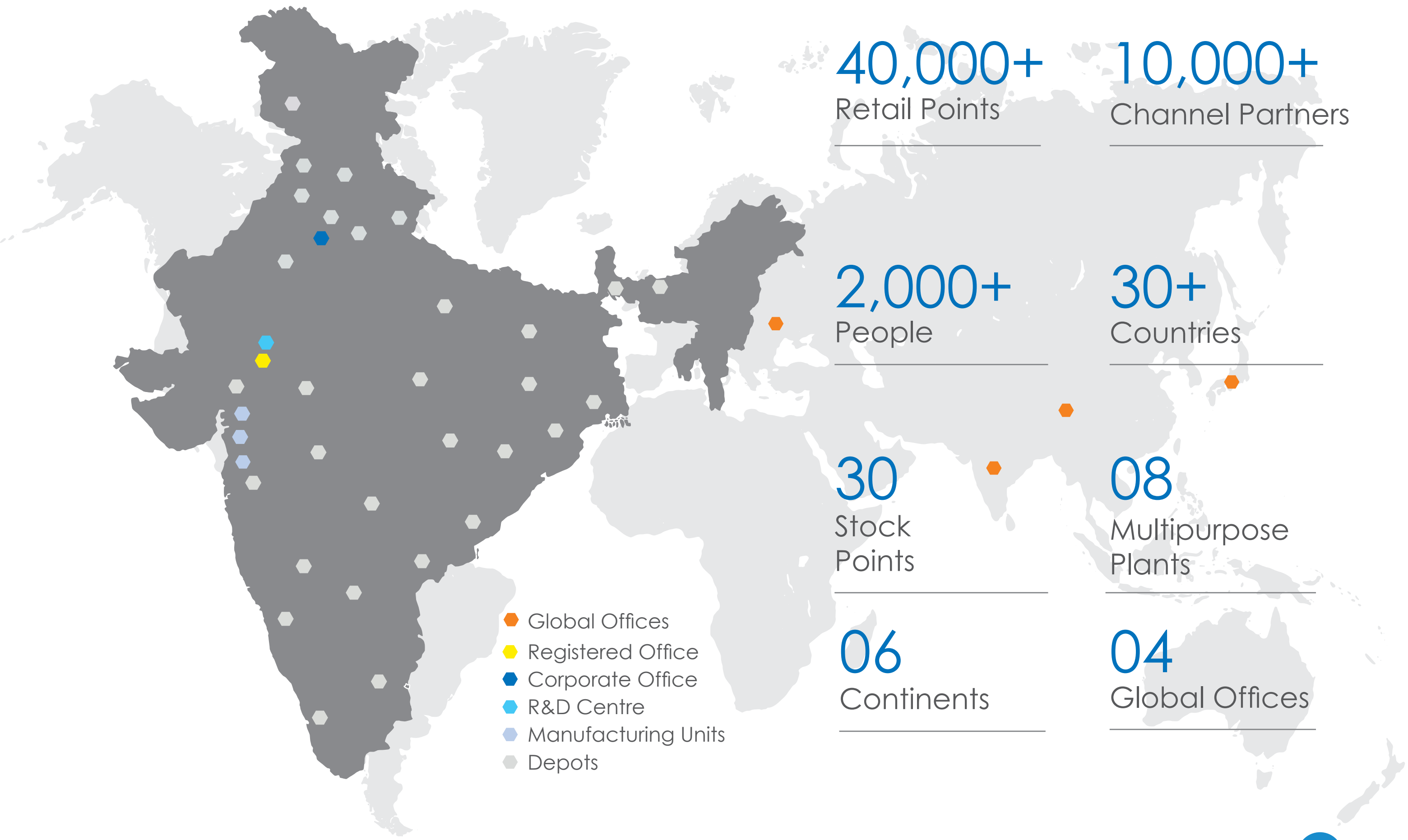
INNOVATION.

ENLIVENING, LIKE THE AIR

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

Our new Research & Development Centre at Udaipur

GEOGRAPHICAL FOOTPRINT



40,000+ Retail Points

10,000+ Channel Partners

2,000+ People

30+ Countries

30 Stock Points

08 Multipurpose Plants

06 Continents

04 Global Offices

OUR EVOLUTION

1946 Incorporated as Mewar Oil & General Mills Ltd.

1961 Forayed into AgChem Formulation & Marketing

1976 Maiden Technical Manufacturing Plant Commissioned at Udaipur

1991 Company name changed to PI Industries Ltd.
Company got listed at BSE

1992 New manufacturing facility commissioned at Panoli, Gujarat

1993 Setting up of first international plant with technology transfer

1996 Forayed into Custom Synthesis Manufacturing

Inspired by Science

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

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

2004 Established China Representative office

Established PI Life Science Research Ltd.

2010 Got GLP Accreditation

Divested polymer business to Rhodia, France

2011 Company got listed at NSE

2012 Established new manufacturing site at Jambusar, Gujarat

Established PI Sony Research Center at Udaipur

2014 Established a marketing office in Germany

2015 Implemented SAP Hana

Commissioned a formulation unit at Panoli, Gujarat

2016 Established a JV with Mitsui Chemicals Agro Inc., Japan

Commissioned new R&D Centre at Udaipur

Commissioned two new MPP at Jambusar

2017 Formed strategic alliance with BASF, Germany

Established greenhouse testing facility at Udaipur

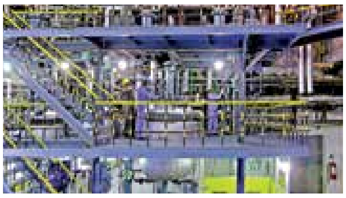
Digitalizing R&D and manufacturing by customised tools

OFFERING ACROSS THE VALUE CHAIN

Discovery & Development



Scale-up

Evaluation & Trials


Registration & Regulatory Services

"Leverage our capabilities across the Agri Sciences Value Chain by providing Integrated and Innovative Services & Solutions by Partnering with the best."

Manufacturing



Marketing & Distribution

SUSTAINABILITY, OUR PRIORITY

As a business enterprise that has steadily evolved over the last seven decades, at PI Industries, we remain committed to pursue our business in a sustainable manner. Pursuing sustainable value creation, we balance our business interest with that of environment and social well-being of our employees, channel partners and communities and farmers. We continue to make all round improvement in our EHS performance with holistic adherence to the prescribed principles of Responsible Care® and feature among select companies in India which are entitled to use their logos.

A robust EHS Management System is put in place to ensure a safe and healthy workplace and a clean environment for both the employees as well as adjoining community. We focus on environment sustainability through focused efforts on reducing carbon footprint, energy and water conservation, usage of renewable energy, water recycling etc. Our company's accreditations under ISO 14001 and ISO 18001 are testimony of our commitment towards environment protection and safety. We deploy all required environmental infrastructure at manufacturing sites.

Keeping better employee health a priority, half-yearly health checkup is conducted for the employees and contract workers. We arrange lifestyle improvement sessions and conduct preventive health check-ups at discounted prices for employees and their families. Besides, Occupational Health Centers operate 24x7 in all units running 24x7, manned by doctors and male nurses. Nearly 25% of our employees form part of trained first aid team. Our Community Development Initiatives (CSR) remain focused on Water Conservation, Healthcare, Education and Livelihood, as detailed in the CSR Section forming part of this report.

Bagging Golden Peacock Award for Environment Management, second time in a row and Shreshtha Suraksha Puraskar from National Safety Council, India stands testimony to our efforts on sustainable development.

Water Consumption per tonne

FY16	FY17
8.79	8.67

Energy consumption per tonne

FY16	FY17
0.010	0.010

Total Effluent generated (ETP+MEE) per tonne

FY16	FY17
1.712	1.036

Training Manhours per employee

FY16	FY17
11.54	13.10

RIR (No. of all recordable injuries per million manhours worked)

FY16	FY17
33.06	16.81

Near Miss reported

FY16	FY17
1039	1226

Hazardous waste Generated per tonne

FY16	FY17
0.287	0.211

FR (No. of LTI per million manhours worked)

FY16	FY17
1.00	0.81

FINANCIAL HIGHLIGHTS

Key Figures ₹ in crores

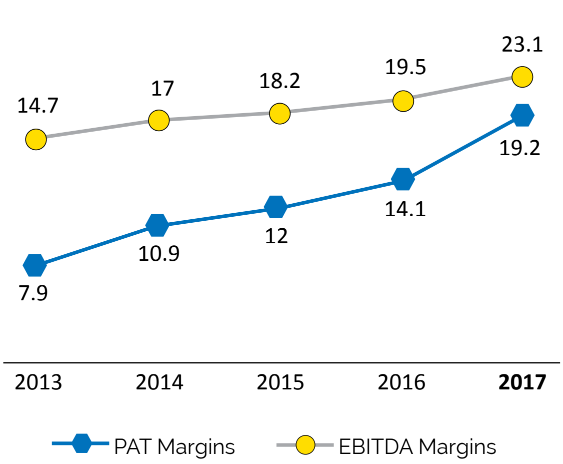
Year Ended March 31	FY17	FY16	FY15	FY14	FY13
Revenue from operations *	2,382.9	2,197.3	2,032.5	1,680.6	1,218.1
EBITDA	550.5	429.4	370.0	285.6	179.3
Profit Before Tax	506.5	400.9	352.6	258.0	143.7
PAT	457.4	309.7	243.2	183.7	96.3
Net Fixed Assets	1,020.1	943.0	662.3	566.1	535.4
Cash Profit	530.0	363.4	292.4	215.1	118.2
EBITDA Margins (%)	23.1	19.5	18.2	17.0	14.7
PAT Margins (%)	19.2	14.1	12.0	10.9	7.9
ROE (%)	28.4	26.8	27.0	26.9	18.4
ROCE (%)	30.4	32.1	39.4	36.8	27.2
D/E Ratio (In times)	0.1	0.1	0.1	0.1	0.2
EPS (Face Value @ ₹1)(In ₹)	33.3	22.6	17.8	13.5	7.6
DPS (Face Value @ ₹1)(In ₹)	4.0	3.1	2.5	2.0	1.0

Balance Sheet Summary ₹ in crores

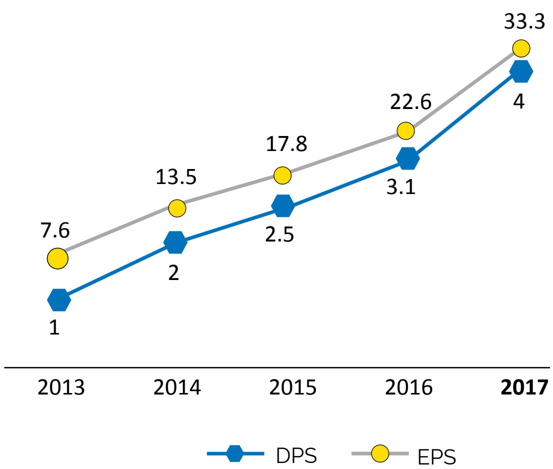
Year Ended March 31	FY17	FY16	FY15	FY14	FY13
Non-Current Assets	1,076.9	991.1	726.0	581.2	548.2
Current Assets	1,206.2	943.8	888.7	727.9	580.5
Total	2,283.1	1,934.9	1,614.7	1,309.1	1,128.7
Shareholders Funds	1,608.9	1,154.7	902.2	683.1	524.6
Non-Current Liabilities	122.9	188.5	75.4	113.1	149.9
Current Liabilities	551.3	591.7	637.1	512.9	454.2
Total	2,283.1	1,934.9	1,614.7	1,309.1	1,128.7

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

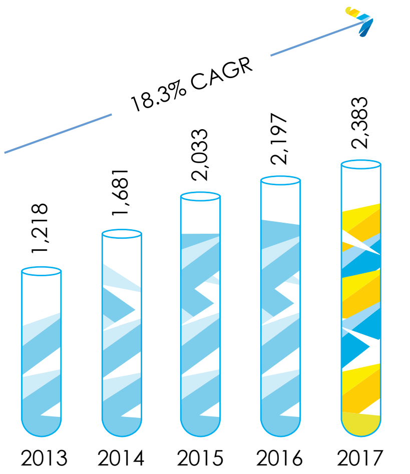
Profitability Margins (%)



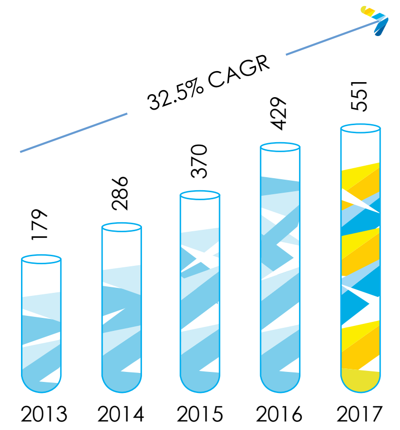
Per Share Earnings (Face Value @ ₹1)(In ₹)



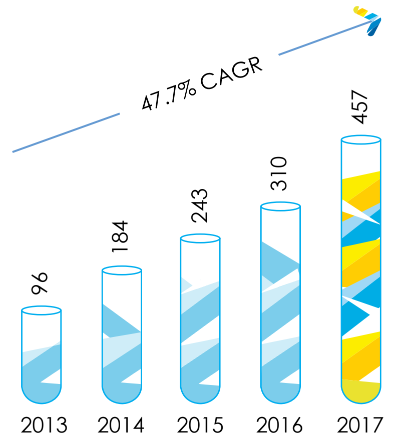
Revenue From Operations (₹ Crore)



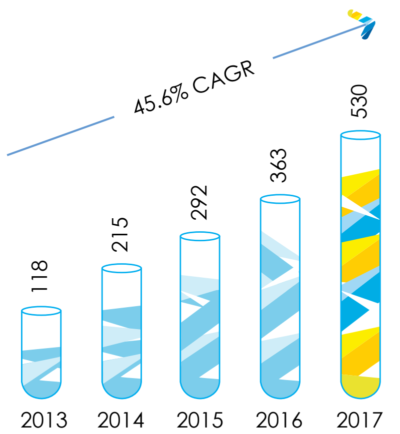
EBITDA (₹ Crore)



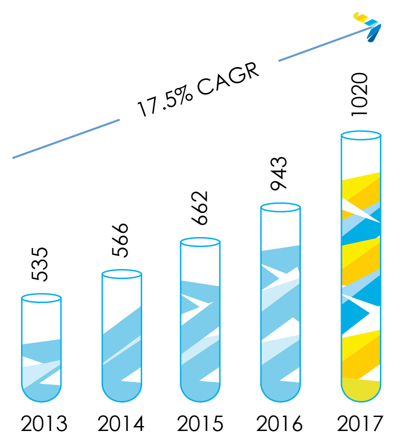
PAT (₹ Crore)



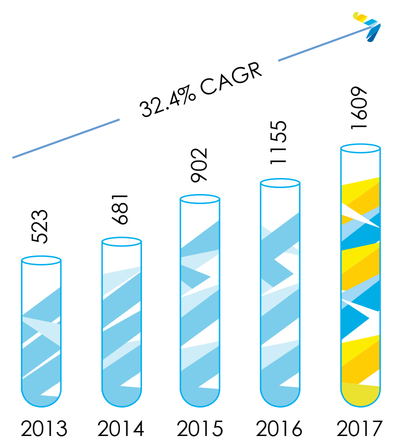
Cash Profit (₹ Crore)



Net Fixed Assets (₹ Crore)



Networth (₹ Crore)



FROM THE DESK OF THE CHAIRMAN

Dear Shareholders,

To address you as the Chairman of a promising company that PI Industries continues to be is a matter of great pride and privilege for me. Let me begin with acknowledging the stellar contribution that my predecessor, Salil Singhal, has made in steering the company to its position of greater significance in the global agrochemical industry. His passion for exploration and commitment to professional ethics has cascaded across the rank and file of the company. As Chairman Emeritus, Salil's continued guidance would help us take PI to greater heights.

The world is acknowledging India's continued economic strides and steady social progress. Thanks to many a concurrent factors being at work, the Indian agriculture sector is headed towards a greater transformation. Aiming to double the income of farmers by 2022, the Government of India is intensifying its budgetary and policy support towards farmer empowerment and rural infrastructure development. Moreover, an improved distribution and availability of electricity, coupled with increasing penetration of internet and smartphones are adding to rural empowerment. The private sector companies who have agricultural interface are putting in commendable efforts in educating and empowering farmers with modern day agronomics and the same is translating into an improved productivity of the farm sector.

Still, agricultural infrastructure and productivity in India has a long way to go. With just 45% of net sown area having irrigation facilities and an estimated 15-25% of potential crop production being lost due to insects, weeds and diseases, the headroom for productivity improvement is immense. With more than half of the country's 1.3 billion populace economically dependent on agriculture, your Company is favourably placed to contribute to and, in turn, benefit from an increased farm production and ever increasing income of the farmers.

India's stature in the global agrochemical industry has steadily risen, kudos to a deep understanding of complex chemistry, a vast talent pool of qualified professionals and a good culture of ethical partnerships and respect for IPR. At a time when the global agrochemical industry is transitioning towards a greater consolidation and uncertainties in the Chinese Chemical

Businesses need to reinvent and realign themselves in order to stay relevant in the future. Being at the forefront of new technologies, we continue to sharpen our ability to leverage them across different segments of chemistry combined with biology.

industry, a greater share of global contract research, synthesis and manufacturing opportunities are bound to head towards India.

Your Company has sensed these global opportunities much ahead of its peers and benchmarked it against best global efficiencies in the agrochemical space. The trust, respect and partnership that your Company has built and nurtured with the leading global innovators over many decades would prove to be an unparalleled enabler of sustained accelerated growth. With a distinct blend of domestic and international businesses, your Company's business model itself is a decisive differentiator, one that acts as a springboard in a favourable environment and a shock absorber in testing times.

Technological advancements are disrupting the legacy business models across the broad spectrum of industries with the emergence of newer themes such as renewable energy in power, electric hybrid in automobile etc, less toxic in pharmaceuticals. Businesses need to reinvent and realign themselves in order to stay relevant in the future. Being at the forefront of new technologies, we continue to sharpen our ability to leverage them across different segments of chemistry combined with biology.

Staying focused on existing patented/proprietary molecules in agrichem space, we are developing many new products/solutions for the Indian markets. We continue to build innovative business process capabilities for efficient and speedy delivery to our customers with a mark of outstanding quality.

Our demonstrated capabilities across process research and best in class manufacturing assets of global standards help us attract leading innovators for their outsourced research and manufacturing needs. In order to give a further fillip to our future prospects, we are entering into strategic alliances with global agrichem majors. We are also working with global innovators in fine chemicals domain with a view to leverage our respective capabilities to provide a wider range of solutions, beyond agrichem.

During the year, we launched a high potential product in the domestic market and commercialised four molecules in the exports market. We formed a joint venture with Mitsui Chemicals Agro, Inc. (MCAG) to provide registration services for their proprietary agrochemicals in India. We also entered into a strategic tie-up with BASF, Germany, one of the leading chemical companies and a well-known name in the crop protection industry to market their innovative fungicides and herbicides in India. While the financial year 2016-17 proved to be a mixed bag for the agrochemical industry, the efficacy of our business model got reflected in your companies performance.

With all the building blocks of sustained growth, decades-strong relationships with global innovators, enviable expertise in complex chemistry, the inherent streak of innovation, world class manufacturing and R&D assets, and strong brand equity & distribution network already in place, your Company's sharp focus of sustainable development and adherence to a stricter cost regime is going to catapult it into a higher orbit of value creation. Our newly developed research & development center is bound to intensify the culture and speed of innovation across the organisation.

On a more personal note, it has been a privilege to head such a promising and diversified board, aptly backed by best of breed management team that remains driven by their passion to innovate a better world through a better PI. I take this opportunity to thank all my fellow board members for their valued guidance and contributions and congratulate the Company's management and staff for another year of robust operational and financial performance.

Let us continue to make the better use of chemistry and deploy it towards creating a better world!

With warm regards,

Narayan K. Seshadri

A SESSION WITH THE MANAGING DIRECTOR

Amidst global consolidation and realignment in the agrochemical universe, Mayank Singhal has his task well cut out. That of making PI future ready and reaching there fast. With a conviction that sizeable new opportunities are headed towards established Indian players like PI, he is spearheading its reorientation as a innovation led, technology enabled global provider of fine chemical products and solutions. In a freewheeling session with the Company's annual report team, he speaks on the industry, market and future prospects.

How is the global agrochemical industry shaping up?

About 2.3 billion people, translating to over a third of the current global population, are expected to get added between 2016 and 2050. While the arable land continues to diminish, the world would need to produce more food and fibre while tacking the challenges of limited rural labour and weather related uncertainties. Global crop protection industry continues to gear up to help improve crop productivity and chart a steady and sustainable growth for itself, in turn.

The industry had to confront lower crop prices, climatic adversities in some geographies, higher inventory and price pressures. Consequently, the global growth has slowed down. Thankfully, with early indications of bottoming out of the global crop cycle in sight, the global Agchem market is expected to grow at a CAGR of 2.7% from 2016 to 2020.

As fallout of a major consolidation, the global agrochemical industry is headed towards emergence of three global behemoths (formed out of six erstwhile companies), which would control about 65% of the global market among them. In view of the rising R&D costs, most of the global companies would increasingly focus more on their core competencies, thereby generating increased outsourcing opportunities for commercialisation of molecules and manufacturing for proven industry players like us.

What role do you see India playing in the global agrochemical universe in the coming years?

Owing to the dual advantage of large domestic market and significant export potential, Indian agrochemical industry would continue to outpace the global growth. As the fourth largest global producer of agrochemicals, India's USD 4.4 billion (FY15) agrochemical Industry is expected to grow to USD 6.3 billion by FY20. While domestic demand is expected to grow at 6.5% per annum, exports is pegged to grow at a much faster pace of 9% per annum during the same period.

Country's emergence as a preferred global supplier and outsourced manufacturing destination has been aptly aided by the Indian agrochemical industry's sustained delivery of quality product, supply security, respect for patent and regulatory compliance. The comfort that global innovators experience with respect to data protection in India leads to more launches of innovative products in India and also increases contract manufacturing opportunities for the industry in India.

What strategic initiatives did the company undertake in the year gone by?

With a view to build a future ready organization, the Company undertook several strategic initiatives in line with its stated vision

Pipeline building through strategic tie-ups – 8 innovative products were added for distribution in India

Intensified Business Development - initiatives into new Geographies to acquire new customers/ verticals.

Strategic alliance with global innovators – a Joint Venture got formed with Mitsui Chemicals Agro. Inc., Japan to provide registration services for MCAG's products in India

Building unique chemistry based technological platforms - enhancing our offerings

Deepening R&D capabilities to offer wider range of services – strengthened capabilities across biological testing, process research & engineering during the year

Customized digital solutions across critical business processes – Electronic Lab Notes, Library Information Management Systems, Customized Project Management Tools, Farmer Integration App, Success Factor for HR

The holistic reengineering of our organization structure with a sharper focus on deepening R&D capabilities and widening our customer offerings and geographies is aimed at making PI future ready.

Building a future ready organisation - through reengineering of organisation structure, new talent acquisition and leadership development program

Centralized knowledge management cell - established a centralised knowledge management cell to leverage technology and innovation.

How do you view company's performance in the fiscal year 2016-17?

Global agrochemical demand recorded second successive year of de-growth whereas India received normal monsoon rainfall after two successive years of deficit. The spread of monsoon, though, remained uneven with a larger part of western and southern India reeling under near drought situation. In such a year where offtakes were going to slowdown, we intensified our efforts and delivered an ahead of the industry performance once again. While our revenues grew by 8.45%, Operating Profit growth of 28.22% reflected a wholesome improvement in operational efficiency. This performance was backed by our continued efforts in investments in our brand in the domestic market and exports we supported by the scale up of some of the existing products and a focused effort on technological initiatives.

How do you view your company's outlook over the coming years?

Given our initiatives and focus in the area of alliances, innovation and expansion into new geographies backed by organizational re-engineering, we believe, we shall be able to continuously deliver performance ahead of the industry.

Further added to this, the external environment where large scale consolidations in the global AgChem industry coupled with uncertainties in the Chinese chemical industry is opening a world of new opportunities for a well respected , regarded and prepared PI.

BOARD OF DIRECTORS

Mr. Narayan K. Seshadri, Independent Non-Executive Chairman

Mr. Narayan K. Seshadri, a qualified Chartered Accountant, started his business consultancy career with Arthur Anderson. Joining KPMG afterwards, Mr. Sheshadri rose to the position of Managing Partner of its business advisory practice in India. Besides PI Industries, he is also the Chairman of Magma Fincorp. Ltd., IRIS Business Services Ltd. and AstraZeneca Pharma India Ltd. He serves on the Board of Halcyon Resources and Management Pvt. Ltd., TVS Investment Ltd., A2O Software India Pvt. Ltd., Kalpataru Power Transmission Ltd., Wabco India Ltd., Tranzmute Capital & Management Private Ltd., SBI Capital Markets Ltd., Radiant Life Care Pvt. Ltd., Halcyon Enterprises Pvt. Ltd., TVS Electronics Ltd., The Clearing Corporation of India Ltd., KKR ARC India Pvt. Ltd., TVS Wealth Pvt. Ltd., Chanel Estates Pvt. Ltd. and ERLPhase Power Technologies Ltd.

Mr. Mayank Singhal, Managing Director and CEO

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

Mr. Rajnish Sarna, Executive Director

Mr. Rajnish Sarna is a qualified Chartered Accountant and has a diverse experience of over 25 years in the areas of Business Development, Strategy, Customer Relationship Management, Operations, Finance, Risk Management, Legal Contracting and Compliances, Investor Relations, Information Technology and Process Re-engineering, etc. He has been associated with PI for nearly 21 years and is responsible for an overall transformation of the Company over the last several years. His current role is to focus on strengthening the Custom Synthesis exports, evolving new business/partnership models and transforming R&D & Operations into cost effective service models. Currently, he is also serving on the Board of PI Life Science Research Ltd, PILL Finance and Investment Ltd. and Solinnos Agro Sciences Pvt. Ltd.

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

Mr. Arvind Singhal, an entrepreneur brings in a diverse industry experience of over 4 decades across mining & mineral processing, agrochemicals & specialised chemicals, electronic metering system etc. Having served as the Joint Managing Director of PI Industries for 22 years, he stepped down in December 2001. Relinquishing the executive position, he continued to serve PI Industries as an Independent Director till December 2006. Besides being the Managing Director of Wolkem India Ltd., he also serves on the Board of Secure Meters Ltd., Mynores India Pvt. Ltd., Wolkem Lime Ltd., Wolkem Talc Pvt. Ltd. and Wolkem Omega Minerals India Pvt. Ltd. Mr. Arvind Singhal has been actively associated with business chambers like Federation of Indian Mineral Industries (FIMI), CII, FICCI and ASSOCHAM. He serves as the Patron of Udaipur Chamber of Commerce & Industry and is a Member of Federation of Mining Associations of Rajasthan. He is the Chairman of Standing Committee for Non-Metallic Minerals and Industries of FIMI.

Mr. Ravi Narain, Independent Non-Executive Director

Mr. Ravi Narain holds a degree in Economics from St. Stephen's College, Delhi and Cambridge University, UK, and a degree in Business Administration from the Wharton School, USA. He is engaged at the board level or in an advisory capacity with select private corporates, NGOs, Regulators, RBI and the Government of India. He is also on the Board of NSDL e-Governance Infrastructure Ltd., National Commodity & Derivatives Exchange Ltd., HDFC Standard Life Insurance Co. Ltd., National Securities Depository Ltd., Indostar Capital Finance Ltd. and Crompton Greaves Consumer Electricals Ltd.

Mrs. Ramni Nirula, Independent Non-Executive Director

Mrs. Ramni Nirula holds a Bachelor's Degree in Economics and a Master's Degree in Business Administration from Delhi University. Possessing more than three decades of experience in the financial sector, she has held various leadership positions in the areas of Project Financing, Strategy, Planning and Resources and Corporate Banking. Mrs. Nirula was the Managing Director & CEO of ICICI Securities Ltd. and also headed the Corporate Banking Group of ICICI Bank. She serves on the board of Jubilant Food Works Ltd., Utkarsh Micro Finance Ltd., Avantha ErgoLife Insurance Company Ltd., McLeod Russel India Ltd., Sona Koyo Steering Systems Ltd., DRN Investments and Agriculture Pvt. Ltd., TAMA Investments & Finance Pvt. Ltd., Eveready Industries India Ltd., Avantha Holdings Ltd., DCM Shriram Ltd. and CG Power and Industrial Solutions Ltd. She is also a member of the Advisory Board of IKP Knowledge Park Ltd., Hyderabad.

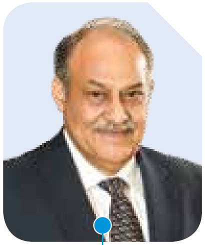
Dr T.S. Balganesh, Additional Director, Independent Non-Executive Director

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

Mr. Pravin K. Laheri, Independent Non-Executive Director

Mr. Pravin K. Laheri (IAS, Retd., Gujarat cadre) has studied at the St. Xavier's College and Government Law College, Mumbai. He joined the Indian Railways in 1967 and the Indian Administrative Services in 1969. He served the Government of Gujarat in various capacities such as District Development Officer (Jamnagar), Collector (Banaskantha), Director - Cottage Industries, Joint Secretary (Education Department), Industries Commissioner, Principal Secretary to Five Chief Ministers of Gujarat, Principal Secretary (Rural Development, Information etc.) and Chief Secretary. He has also worked as Executive Director of the National Institute of Fashion Technology (NIFT), the Government of India. He was CMD of Sardar Sarovar Narmada Nigam Limited. Mr. Laheri is also on the Board of Gujarat Pipavav Port Ltd., Cue Strategic Inputs Pvt. Ltd., Gulmohar Greens Golf & Country Club Ltd., DMCC Oil Terminal (Navlakhi) Ltd., Ambuja Cements Foundation, Amap Management Consultancy Pvt. Ltd. and Sintex Plastics Technology Ltd.

SENIOR MANAGEMENT



Mr. Rajendra Dev Kapoor
Head-Agri Support & Alliances

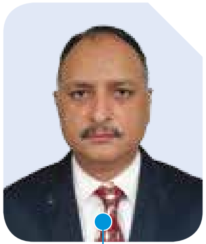
Mr. Devendra Kumar Ray
President & Head Manufacturing Strategy

Ms. Jayashree Satagopan
Chief Financial Officer

Mr. Rajul Edoliya
President Strategic & Business Development

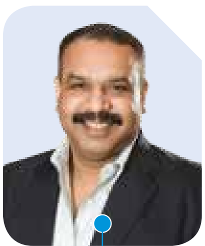
Mr. Sankar Ramamurthy
Chief People Officer

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



Mr. Sushil Kharakwal
Sr. Vice President - EHS

Dr Atul Gupta
Sr. Vice President- Operations



Mr. Samir Dhaga
Chief Information Officer

Dr Prashant Potnis
Chief Technology Officer

Mr. Raxit Gor
Sr. Vice President Supply Chain & Strategic sourcing

CORPORATE INFORMATION

Board of Directors

Mr. Narayan K. Seshadri, Independent Director (Chairman w.e.f. October 5, 2016)

Mr. Mayank Singhal, Managing Director & CEO

Mr. Rajnish Sarna, Whole-time Director

Mr. Pravin K. Laheri, Independent Director

Ms. Ramni Nirula, Independent Director

Mr. Ravi Narain, Independent Director

Mr. Arvind Singhal, Additional Director (w.e.f October 5, 2016)

Dr T.S. Balganesh, Additional Director (w.e.f. May 16, 2017)

Chairman Emeritus
Mr. Salil Singhal (w.e.f August 21, 2016)

Chief Financial Officer
Ms. Jayashree Satagopan

Company Secretary
Mr. Naresh Kapoor

Statutory Auditors
M/s S.S. Kothari Mehta & Co., New Delhi

Internal Auditors
M/s KPMG India LLP, Gurgaon

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

Secretarial Auditor
Mr. R.S. Bhatia

Bankers
State Bank of Bikaner & Jaipur *
State Bank of India
Axis Bank Ltd.
Standard Chartered Bank
HSBC Bank (Mauritius) Ltd.
(*SBBJ merged with SBI w.e.f. April 1, 2017)

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

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

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

Share Registrar & Transfer Agent
Karvy Computershare Private Limited
Unit: PI Industries Ltd.
Karvy Selenium Tower - B, Plot No.31 & 32
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032, India.
Tel. No.091 40 6716 2222
Fax No. 091 40 2300 1153
E-mail ID: einward.ris@karvy.com
Website: www.karvycomputershare.com

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

Corporate Identity Number (CIN)
L24211RJ1946PLC000469

KEY EVENTS & RECOGNITIONS

PI entered into JV with MCAG to provide registration services for MCAG's proprietary agrochemicals and bring innovative products in India

Received 7th CMO Asia Awards for excellence in Branding and Marketing

PI partners with BASF to offer farmers in India a broader portfolio of crop protection solutions

Participated in Agrotech 2016, Chandigarh to enhance business development opportunities.

Bestowed the "Golden Peacock National Quality Award 2017" at Dubai Global Convention 2017, held at The Grand Hyatt in Dubai, UAE

Participated in Wastech 2016, Gandhinagar, Gujarat for winning new business opportunities, gaining exposure and enhancing employee's skill development.

PI bestowed with 'Shreshta Suraksha Puruskar' from National Safety Council, India

Received the "Chemexil Award", 2015-16, for an outstanding export performance in the category of Basic Inorganic, Organic Chemicals including Agrochemicals

HARNESSING HUMAN CAPITAL

Building People Capability

- World class R&D
- Technology Enabled Learning Development

High level of employee engagement

- Communication
- Participation
- Inclusion
- Celebration

Strengthening and Deepening Leadership capacity

- Targeted Senior Hires
- Building an aligned leadership team

HR will support business by building people capability, deepening & broadening leadership & fostering a high-performance culture through world-class processes & efficient service delivery.

Efficient, HR Service, Delivery Model

- Process Automation
- Service level definition

FOUNDER'S DAY CELEBRATION

ANNUAL CONFERENCE


TRAINING


DIWALI CELEBRATION


SPORTS DAY


ANNUAL DAY CELEBRATION


INDEPENDENCE DAY CELEBRATION


WOMEN'S DAY CELEBRATION AT CORPORATE OFFICE

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility (CSR) policy focuses on providing platforms for the underprivileged by promoting inclusive growth which is holistic, sustainable and socially uplifting, thus, enabling them to emerge as significant contributors in the India's growth story.

In pursuit of our objectives, we have supported a wide range of 'Community Awareness Programmes' ranging from Skill and Livelihood to Education, Health and Environmental initiatives. These activities have been undertaken through our trust, "PI Foundation" that drives the Company's CSR mission.

WATER

Water efficient rice cultivation

Besides enhancing farm yield, Direct Seeded Rice (DSR) technique helps reduce water consumption significantly in rice cultivation. PI foundation has joined force with various Policy Makers, Industry Chambers, Agricultural Universities, NGOs and farmers in promulgating the benefits of DSR. Our efforts have resulted in widespread adoption of DSR across more than 6,75,000 hectares of rice cultivation; translating into a saving about 355 billion gallons of water annually.

Micro Irrigation

PI Foundation has collaborated with various universities and institutes for providing training to farmers and equipping them with water conservation techniques such as drip irrigation and usage of mechanical tools and techniques in water saving.

Community Drinking Water Initiative

In order to enhance access to safe drinking water, we have installed community RO water plants in Karnataka, Andhra Pradesh and Bihar and have supported installation of safe drinking water facility in the rural areas of Gujarat and Rajasthan. Provision of tap water facility in village schools has also been created. During the reporting period, access to Safe Drinking Water was provided to over 10,000 families.

SUSTAINABLE AGRICULTURE PRACTICES

Community based whitefly management
PI Foundation in association with Punjab Agricultural University is spreading awareness on 'Whitefly Management in Cotton' among farmers in the cotton growing regions of Punjab. The project entails conducting large-scale field demonstrations on Integrated Pest Management (IPM) for curbing whiteflies infestation. It is also promoting Farmer Field Schools (FFS) for season-long training on Cotton-IPM and establishment of model villages.

Enhancing Farm Income
We are working to enhance farm income of small and marginal farmers in Rayagada District of Odisha by providing hands on training on modern agronomy practices such as operating of hand-held tractors, drillers, sowing methods, judicious use of insecticides, storage and market linkages. The programme is benefitting farmers of more than 24 villages in Sikarpai block of Rayagada District, Odisha.

Crop Clinic
We have launched the 'Crop Clinic' Initiative in Bihar, wherein knowledge on yield enhancement and farm input optimisation is disseminated to the farmers. As part of the programme, we are also promoting minimal or no tillage practices in paddy and wheat cultivation. Besides, farmers are also trained to deal with conditions that arise from nutrient deficiency and pest attacks.

Livelihood promotion for small and marginal farmers
PI Foundation is promoting a unique agriculture-based livelihood generation initiative for small and marginal farmers in Khargone region, Madhya Pradesh. The programme is being implemented around a fully functional Indus Mega Food Park and is benefitting over 4000 farmers in approximately 180 villlages located around 50 sq km of the Food Park.

EMPLOYEE PARTICIPATION IN CSR

Blood Donation Drive
To enhance the employee engagement, a mega "Blood Donation Drive" was organised across the PI's office and plant locations in collaboration with the International Red Cross Society, Lions Blood Bank, Suraktam and other affiliated Blood Banks, on September 5, 2016 to celebrate the "International Day of Charity". Our staff and associates rose up to the occasion for donating the most precious gift of life. Within a few hours, a total of 344 units of blood was donated.

Material Donation Drive
As a part of our employee engagement programme, PI Foundation alongwith a reputed not-for-profit organisation "Goonj" supported donation of new/ used winter clothes such as woollens, blankets, quilts and shawls as well as utensils, toys, books & stationery for children.

SKILL DEVELOPMENT CUM LIVELIHOOD ENHANCEMENT

Agri Skill Development

PI Foundation has entered into MoUs with government institutions and specialised agencies in Andhra Pradesh, Telangana and Karnataka for imparting vocational training to rural youth with a view to enhance their employability. This year, 237 rural youth completed the 45 day residential vocational training covering both theory & practical lessons. A specialised curriculum was prepared, comprising a wide range of topics, focused on honing the farm skills to increase farm productivity with judicious use of land, water and other available resources. Over 80% of the trained youth were successfully placed on completion of the programme. Similar skill development programmes are being replicated in other states as well.

Entrepreneurship cum Skill Training in Bee-Keeping

A MoU has been signed between ICAR-IARI and PI Foundation for undertaking intensive training cum awareness programmes in scientific bee-keeping in four different states of the country. The programme aims to enhance employability as well as entrepreneurship skill among the rural youth and women. The project aims to increase income of farming communities by helping them add a new stream of bee-keeping in their set of skills. Furthermore, farmers and other stakeholders are being educated on the importance of pollination and pollinators in enhancing the productivity of crops. Around 1320 farmers will be directly benefitting from this collaboration.

Certified Vocational Training Programme on Chemical Plant Operators

The Company had signed a MoU with "The Centre for Entrepreneurship Development", Government of Gujarat, for skill generation in the chemical sector. The programme helps the youth from economically weaker sections to undergo a specially designed training course to enhance their employability. We have also signed a MoU with Anchor Institute – Chemicals & Petrochemical, Dharmsinh Desai University (DDU), Nadiad, Gujarat. Under this programme, 240 students have been placed as "Chemical Plant Operators" with various companies.

Skill Training cum Employment Program

PI Foundation has entered into a MoU with India can, a Pearson Group Company to provide vocational training coupled with placement support to the underprivileged youth. Owing to these initiatives, it is planned that nearly 500 youth from the economically weaker sections will gain employment in BPO, hospitality and sales domain, every year.

Women Empowerment

PI Foundation has initiated the Women Empowerment Programme which aims at "Entrepreneurship Development and Skill Enhancement" of over 2500 women members of self-help group by providing them access to finances, resources, opportunities and strengthening of traditional livelihood opportunities in 15 villages of Jambusar. The programme has been instrumental in the opening of bank accounts, provision of short-term finance & 100% repayment of loans and access to other banking facilities. The programme has also created platforms for women to engage with governance machinery for exercising their rights and entitlements. The programme has created positive impact on earnings of over 2500 members directly and over 5000 family members indirectly.

HEALTH, HYGIENE & SANITATION

Mobile Health Units

PI Foundation has been running "*Swasthya Seva*" programme with three Mobile Medical Units and aims to extend preventive and curative health care to 60 remote villages of Jambusar Taluka, covering over 80,000 people. The project is conducted in partnership with GVK, EMRI. This flagship CSR programme has benefited the poor, elderly, women and children besides helping in reducing the time and cost associated with travelling to far-off urban centers for availing medical services. The services include primary diagnostics, clinical assessment and treatment for common ailments, rendering advice on suitable lab tests and dispensing primary medicines. It also include facilities with regard to maternal and child healthcare including immunisation, nutritional support, counselling on family planning, personal hygiene, well-being etc. It also includes health check-ups for communicable and non-communicable diseases. During FY17, more than 80,000 rural people have been benefited from our healthcare intervention.

Swachh Vidyalaya Programme

PI Foundation has also built toilets in 11 Elementary Schools in Panoli and Jambusar under the Swachh Vidyalaya Programme and the same have been handed over to the school management committee for its maintenance and upkeep. The Foundation is also implementing School Advocacy Programme to create awareness, sensitization, and education amongst over 3,000 students, teachers and other stakeholders regarding the importance of sanitation and hygiene, thereby improving the quality of life.

EDUCATION

Provision of Quality Education

PI has conducted the study to identify gaps and subsequently evaluated the deficiency in quality of education being imparted in different schools spanning over 16 villages in Jambusar, Bharuch. Having collaborated with Pratham Education Foundation, we aim to significantly improve the learning level of more than 12,000 children enrolled in 135 Government Elementary Schools of Jambusar, Bharuch and Gujarat by creating an atmosphere of varied & active learning, building the capacity of teachers and creating an environment of 'learning by doing'; where children can engage with science models, experiments and activities first-hand, build their capacity for scientific thinking and hone their application skills. We also contribute towards school infrastructure developments, including provision of sundries such as benches and desks, water coolers, library books, maths & science-kits, sports material, notebooks & stationeries etc. ensuring improvement in the delivery of quality education to children.

Mobile Education Project

The Foundation initiated a "Mobile Education Van Project" to provide joyful teaching techniques to students deployed in remote Government Elementary Schools. We have also aided in setting up of examination centers at schools in remote locations of Gujarat.

PM Fellowship Scheme

PI Foundation has partnered with 'Doctoral Research Fellowship' under the Prime Minister's Fellowship Scheme for Doctoral Research. Under this programme, the industry relevant research exposure has been provided to scholars and fellowships have been conferred. During the year, a candidate from Indian Agriculture Research Institute has been selected who will get support for upto four years to complete his doctoral award.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

With a long awaited cyclical recovery in investment, manufacturing, and trade, the global economic activity is picking up. Moreover, the projected growth of 3.5% in 2017 and 3.6% in 2018 has rekindled hope and the world GDP is expected to remain strong. Expectation of a more robust global demand, coupled with somewhat contained oil supply have helped commodity prices recover from their troughs in early 2016. This, in turn, has lifted global headline inflation, thereby reducing deflationary pressures.

Indian economy stayed fairly robust, continuing to be one of the fastest growing large economies in the world. IMF has estimated the Indian economy to grow by 6.8% for the financial year 2016-17 (FY17) and a steady pick up to take its GDP growth to 7.2% in FY18 and 7.7% in FY19.

Partly impacted by two successive years of drought, consumer spending remained subdued during the early part of the year. A gradual recovery in the later part too got muted, though temporarily, due to the impact of demonetisation. Going ahead, favourable macro indicators such as moderate inflation, contained fiscal and current account deficit, stable currency and growing forex reserves; all advocate the case of sustained improvement in GDP growth. In addition, the second successive year of good monsoon in FY18 shall further strengthen rural spending.

Having ensured greater financial inclusion of previously unbanked people, the Central Government's JAM trinity – Jan Dhan, Aadhar and Mobile is also ensuring an efficient delivery of the subsidies by eliminating leakages. The reform agenda of the central government continue unabated with a slew of transformative steps such as a greater push towards digital economy, passage of the pro-consumer Real Estate Bill, the Insolvency Bill along with amendments in Sarfaesi Act to tackle the menace of NPAs along with the recent promulgation of Banking Regulation Ordinance.

Infrastructure and rural thrust continued to dominate government's budgetary allocation for the second successive year. With large-scale transformative

infrastructure projects across road, rail, air and maritime transport accelerating, their cascading effect on allied sectors such as steel, cement, construction etc. would help trigger consumer spending. The Indian Government's mass empowerment missions such as Housing for All, Power for All, Doubling of Farmer Income etc. are monumental works in progress. Once accomplished, they will lift millions of families out of poverty and create a sizeable rural middle class.

The clearance of GST Bill in FY17 and its scheduled implementation in early part of FY18 is a mammoth enabler of economy's sustained accelerated growth. Moreover, Creation of a common national market as huge as India, simplification of country's legacy tax structure and abolishing of state-specific check post etc. would also expand the tax base and collection of the exchequer. The increased tax earnings would help government in increasing allocation towards infrastructure, social and rural spending.

All these initiatives and macro-economic factors would immensely contribute in transforming the Indian economy as a more inclusive, more efficient and more competitive entity.

AGRICULTURE IN INDIA

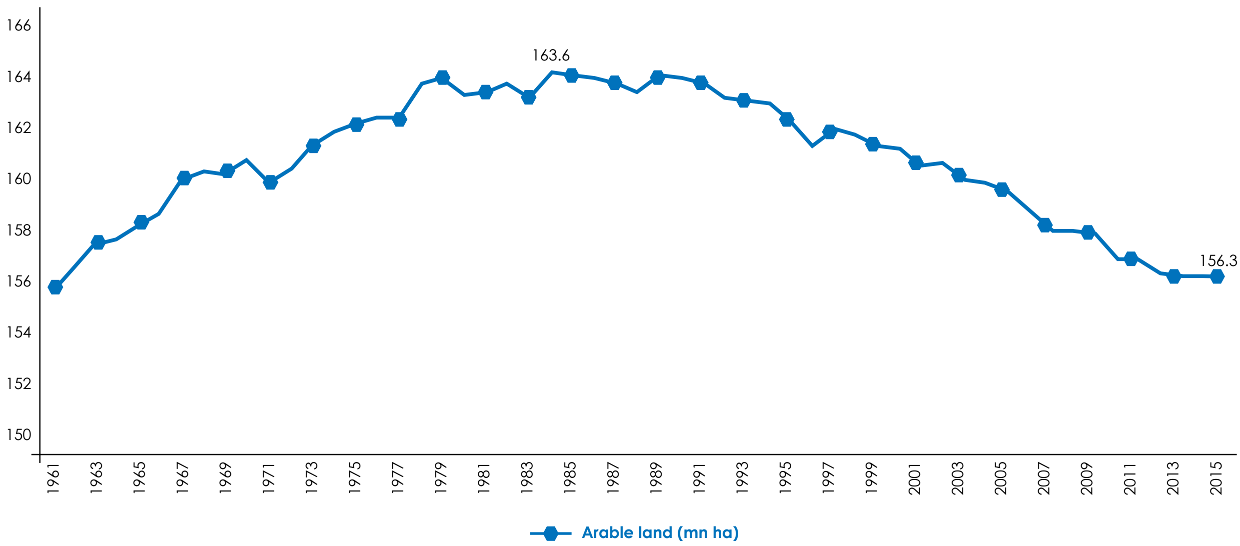
Agriculture continues to maintain its stronghold in our country's socio-economic framework. Contributing about 15% to the country's GDP, agriculture provides economic sustenance to nearly half of country's population besides shouldering the responsibility of providing food security to one and a quarter billion of people.

Having the 2nd largest arable land, India is the 3rd largest agricultural producer and the 7th largest agri-exporter of the world. The country ranks 1st in the production of pulses, oilseeds and cotton, and 2nd in fruits & vegetables and sugarcane production. Indian agriculture still continues to remain heavily dependent on monsoons, despite the steady rise in irrigation facilities. Irrigation facility is available for 45% of the sown area while the other 55% remains exposed to the vagaries of erratic rainfall. The agriculture yield in India continues to demonstrate a strong co-relation with rainfall. The irrigation expenditure by the state governments have been increasing consistently over the past decade.

Agricultural per hectare yield in India continues to be among one of the lowest in the world. This is an outcome of a number of limiting factors confronting Indian agriculture industry including high monsoon dependence, steadily reducing arable land, falling land holding, low adoption of modern farming techniques, increasing pest attacks and lower consumption of nutrient and crop protection agents.

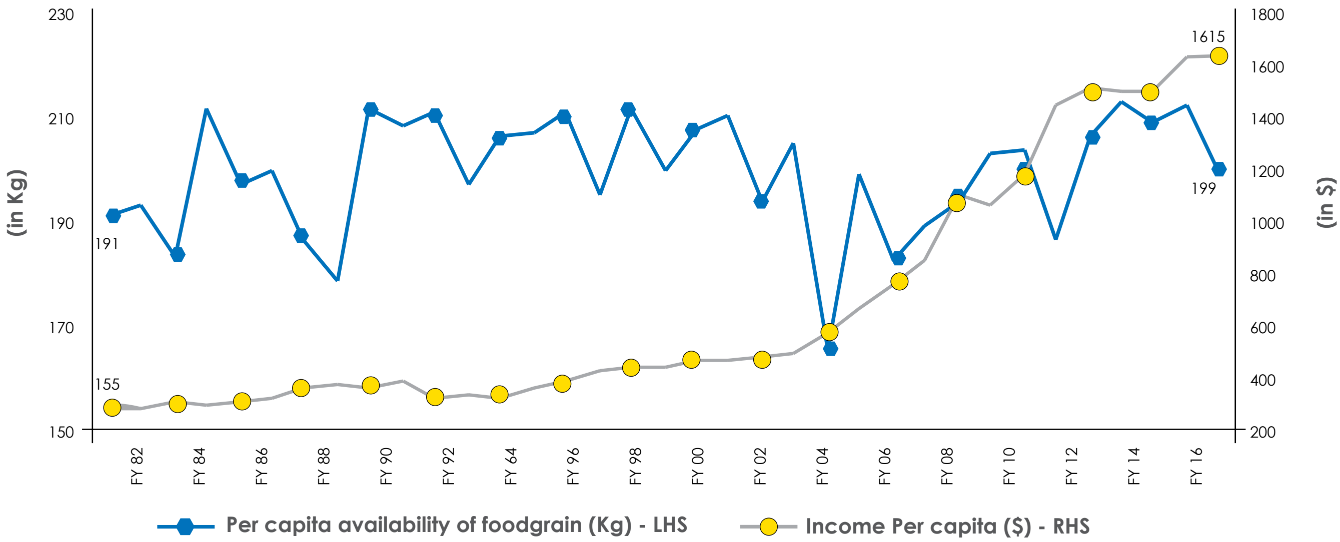
In view of steadily reducing arable land and increasing population and per capita food consumption in the country, agricultural productivity needs to be raised to ensure adequate supply and affordable prices of farm produce. Agri-input players have a significant role to play

Exhibit 1: Arable land in India to decline further due to a gradual rise in urbanisation in India



Source: FAO, GOI Industy Data

Exhibit 2: Per capita availability of food grains has been flat in over 3 decades while the per capita income has increased 5.7 times



Source: FAO, GOI Industy Data

in terms of not only providing fertilizers, nutritients and crop protection products but also propagate know how on modern agronomy to the Indian farmers.

The government's ambitious goal of doubling farmer income by 2022 can prove to be a major enabler of farm productivity and farmer prosperity. It is undertaking several initiatives towards productivity improvement, cost and consumption reduction in farm inputs like seed and water, spreading awareness on scientific farming and increased mechanisation, increased farmer awareness and access to markets towards a better realisation. Several progressive policy measures like bringing additional area under irrigation coverage, promoting of micro irrigation & precision farming, direct benefit transfer of subsidies, mandatory soil health cards, financial inclusion, crop insurance schemes, developing agri infrastructure and storage capabilities are all set to positively change the dynamics of India's agriculture industry.

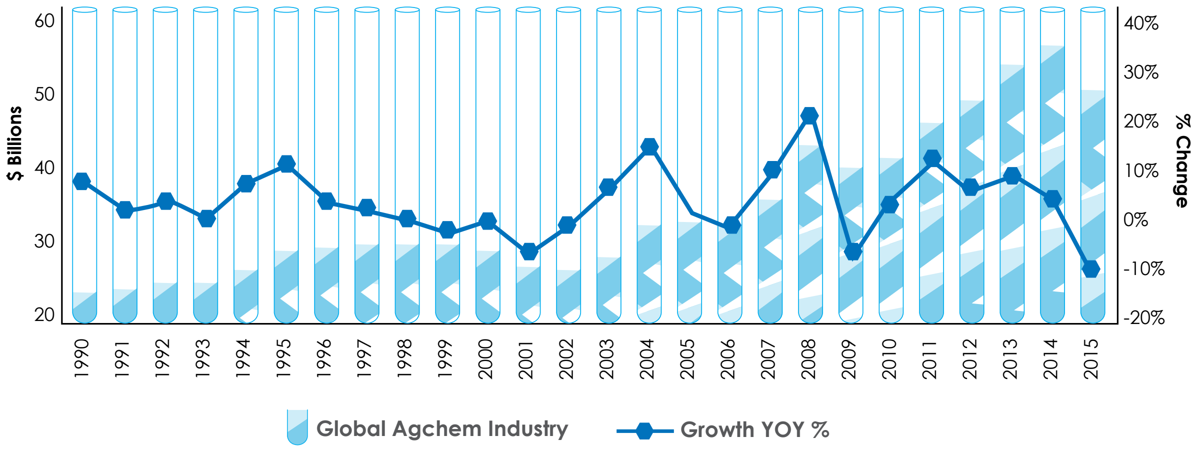
Backed by a better monsoon rainfall in FY17, India witnessed an increase in acreage both in the Kharif & Rabi season. However, the temporal and spatial distribution of rainfall adversely impacted farmlands in western and southern regions. Moreover, monsoon was delayed and several catchment areas, especially in the peninsular India received very less rainfall during the year. This coupled with lower pest infestation during the Kharif season and demonetisation effects in the latter part of the year impacted the growth of agriculture inputs industry.

GLOBAL AGRO CHEMICAL INDUSTRY

The global population is expected to grow by over a third, adding another 2.3 billion people between 2016 and 2050. In addition to this, is the rising per capita consumption of farm products–food as well as fibre. The global agriculture industry would need to enhance its productivity in order to meet the global demand, reducing arable land and rural work force and nature's vagaries not with standing. The decline in agriculture's share in national GDP and employment is taking place at different pace for major agrarian countries. This has resulted in various challenges in different agrarian countries, which, in turn, would affect their food availability and food security. The need for improved crop and farm productivity stands further intensified, thereby fuelling sustained demand growth for agrochemicals.

The global agrochemical industry has slowed down in the past four years, owing to the lowering of crop prices. The decline in expenditure on agrochemicals in most of the developed economies coupled with climate vagaries in Brazil and also many Asian countries added

Exhibit 3: Global Agchem Industry is witnessing a slowdown in 2015, after a multi year growth from 2009 onwards



Source: Phillips McDougall

Exhibit 4: Agro Chemicals sales by region (USD Million)			
Region	**2015**	**2016**	**% Change 2015 to 2016**
Latin America	14,052	13,076	-6.9
Asia	14,040	13,866	-1.2
Europe	11,604	11,453	-1.3
North America	9,356	9,475	1.3
Rest of World	2,158	2,115	-2.0
Total	51,210	49,985	-2.4

Source: Phillips McDougall

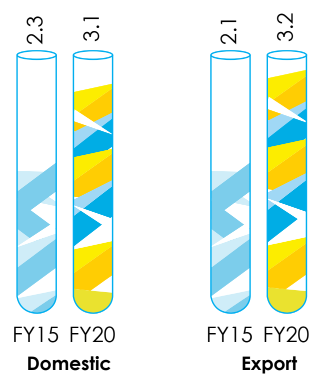
to the slowdown in demand. In addition, the higher channel inventories and price pressures led to the second consecutive year of de-growth for global agrochemical industry.

The industry is witnessing early indications of the crop cycle bottoming out, with leading indicators like the stock-to-use ratios for key crops standing closer to 10-year averages. The global agrochemical market is expected to remain flat in the coming year, with a gradual pick up in growth expected in the next few years. Philips McDougall has projected the global agrochemical market to grow at 2.7% CAGR for the five year period of 2016 to 2020.

The global agrochemical industry is currently going through a major consolidation phase. The recent M&A activities will consolidate 6 large companies (ChemChina & Syngenta, Dow Chemicals & DuPont, Bayer & Monsanto) into three global majors and they will control ~ 65% of the global agrochemical market. With the rising R&D costs for most of the global companies, the consolidation will help them focus more on the core competencies apart from cost-cutting and improved synergies from a combined product portfolio. This could lead to increased outsourcing of opportunities for commercialisation of molecules and manufacturing for the proven industry players.

China, one of the largest contributors to the global agrochemical Industry has been witnessing nationwide crackdown by Ministry of Environmental Protection. The government has worked tirelessly to phase out and replace high toxicity pesticides. Regulatory improvements have been made to achieve low toxicity and low residue. As a result, pesticides prices have remained at a low level in 2016. China's 13th five-year plan for the pesticide industry (2016 – 2020) indicates of an industry consolidation being on the cards.

Exhibit 5: India Agro Chemical Market (USD Billion)



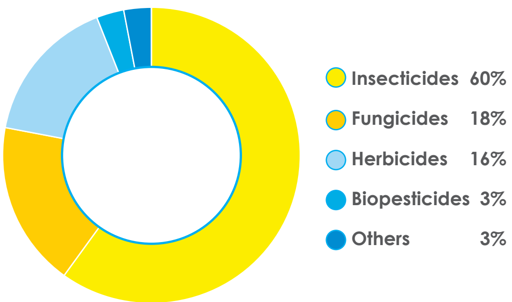
Source: FICCI & TSMG Report of Indian Agrochemicals Industry 2016

INDIA AGRO CHEMICAL INDUSTRY

India is the fourth largest global producer of agrochemicals after the US, Japan and China. Generating a value of US$4.4 billion in FY15, Indian agrochemical industry is expected to grow at 7.5% per annum to reach US$ 6.3 billion by FY20. Nearly half of the demand comes from domestic market while the other half goes towards exports. While the domestic demand is expected to grow at 6.5% per annum, exports are estimated to grow at 9% per annum during the same period.

The Indian agrochemical usage pattern has not changed much in the past decades with insecticides contributing a majority 60%, followed by herbicides at 16%, fungicides at 18% and other products contributing the remaining 6%. The increasing farm labour cost is boosting the usage of herbicides while growing demand for fruits and vegetables is driving a strong growth in fungicides consumption in the recent years. Moreover, herbicides and fungicides are expected to grow faster in the coming years than insecticides.

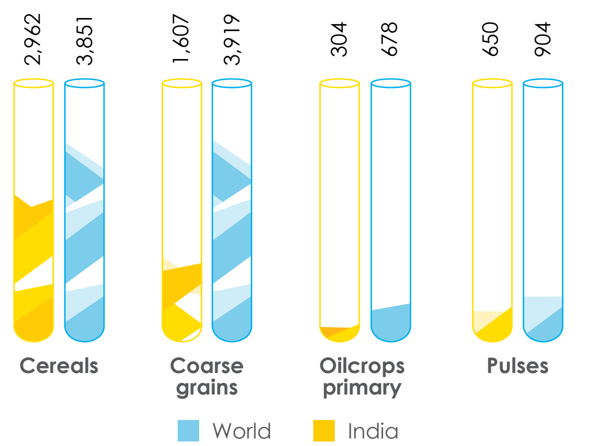
Exhibit 6: Indian Crop Protection Market (FY 15)



Source: FICCI & TSMG Report of Indian Agrochemicals Industry 2016

The land utilisation level in India is very high, resulting in a lower potential to increase the arable area. Whilst, the yield per hectare has been the lowest among developed and several developing countries, the yield of key crops in the country is significantly below that of the global average.

Exhibit 7: Yield of key crops in India is significantly below that of global standards (in Kg/Ha)



Source: Ministry of agriculture, Indian Agriculture Research Institute, CRISIL Research

There has also been a significant increase in the incidences of pest infestation in key crops over the past decades. Some of the pests including insects and pathogens in addition to weeds can cause potential losses of upto 70%, in the absence of effective control measures. For some crops, the damage can be as high as 90%.

Exhibit 8: Crops damage from pests without use of pesticide

Crop	Avoidable losses (%)	Cost: Benefit ratio of pesticide use
Cotton	49-90	1:07
Rice	21-51	1:07
Mustard	35-75	1:12
Sunflower	36-51	1:08
Groundnut	29-42	1:28
Maize	20-25	1:03
Sugarcane	08-23	1:13
Pulses	40-88	1:04
Vegetables	30-60	1:07
Fruits	20-35	1:04

Source: TSM Report

Exhibit 9: Increase in pests since 1940

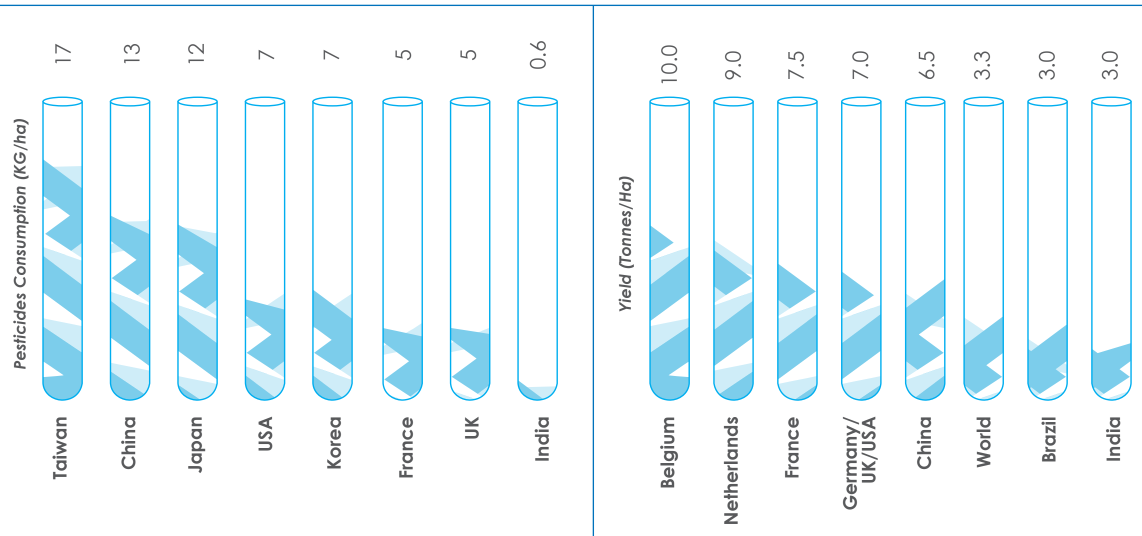
	1940		At present	
Crop	Total Pests	Serious Pests	Total Pests	Serious Pests
Rice	35	10	240	17
Wheat	20	2	100	19
Sugarcane	28	2	240	43
Groundnut	10	4	100	12
Mustard	10	4	38	12
Pulses	35	6	250	34

Source: TSM Report

At 0.6 kg/ha, the consumption per hectare of pesticides in India is amongst the lowest in the world. It stands at 5-7 kg/ha in the UK and ~ 13 kg/ha in China. The need is to educate the farmers on the benefits of pesticides and also their right and adequate use to enhance per hectare yield.

With an increased awareness and enhanced market penetration, the consumption of pesticides is likely to improve in the near future. Indian agrochemicals market will

Exhibit 10: Pesticides Consumption (KG/ha) and Yield (Tonnes/ha) comparison (FY 16)



Source: FICCI & TSMG Report of Indian Agrochemicals Industry 2016

be driven by growth in herbicides and fungicides, increased awareness towards judicious use of agrochemicals, contract manufacturing and export opportunities. Still, there are challenges like non-genuine products, low focus on R&D by domestic manufacturers, inefficiencies in the supply chain etc., which need to be addressed on priority.

India has also emerged as a preferred global supplier and destination for outsource manufacturing. Indian agrochemicals contract manufacturers have showcased their capabilities to global innovators with regard to the delivery of uncompromised product quality, supply security, respect for product/process patent and domestic, and international regulatory compliance. There is a greater degree of comfort amongst the global innovators with respect to data protection in India, which not only enhances the number of innovative products launched in India but also gives a boost to the contract manufacturing industry in India. Several agrochemical molecules, worth ~USD 4 billion are going off-patent in the next three to four years. This provides significant opportunities for contract manufacturing and exports for the Indian companies.

COMPANY OVERVIEW

PI Industries Limited is one of India's leading agrochemical company providing integrated and innovative solutions to its customers by partnering with the best of resources. PI enjoys tremendous brand recognition, a strong global presence and has built a robust partnership over the years on the foundation of Trust, Integrity and IP protection.

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

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

Discovery, Development and Scale-up

At PI Industries, Research & Development is one of our key strengths and is imperative to our business model. The recently inaugurated 1,25,000 square feet state-of-the-art R&D centre at Udaipur provides excellent infrastructure and lab facilities for our research scientists to carry out activities and specialise in the discovery space including library synthesis, molecule design, lead optimisation, route synthesis, biological testing and green house testing.

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

We have a strong team of 250+ research scientists including more than 80 Doctorates specialised in process research and complex chemistries. Our research & product development capability forms the core of our partnership with global innovators, when it comes to in-licensing arrangements for patented / proprietary products for commercialising in the country. Our in-depth expertise in process research, process development and analytical references enables us to provide integrated solutions to our global customers. We continue our focus on new innovative chemistries & processes, cutting-edge technologies and working on molecule libraries of our customers.

Evaluation, Trials, Regulatory and Registration:

Over the years, our Company has developed deep expertise for product evaluation,trials and collaborated with various agricultural universities. Our teams specialise in conducting geography-specific bio-efficacy studies, evaluation and trails data compilation assessing the geographical potential and fitment evaluation.

Our deep understanding of Indian Regulatory regime system enables us to evaluate and register products in India and also facilitate product registration services to the innovators seeking registration in India. Our experienced product development teams are specialised in conducting field studies relating to bio-efficacy, residue and toxicity, preparation of dossier, submission to regulatory agencies and coordination on product registrations. The expertise extends in the area of identifying and developing packaging specifications and packaging development.

Manufacturing

Our Company has invested in state-of-the- art technology at our manufacturing facilities in Gujarat spreading over a 100-acre land, ensuring highest level of safety, product quality, productivity and consistency in the resulting product. The manufacturing facilities include 5 multi-purpose plants at Panoli and 3 multi-purpose plants at Jambusar. In addition, our 2 Formulation units at Panoli help us meet the requirements of our local as well as global clientele. The multi-purpose plants give us flexibility, which capacitates us to produce new products in a short span of time and scale up to meet demand of our clients. Our manufacturing facilities are ISO 9001, ISO 14001, OHSAS 18001 and ISO 17025 certified that conform to very high safety standards. Our formulation facilities process agrochemicals in WDG, WG, SC, E, EC, DP, GR, etc.

Our manufacturing facilities have been felicitated by National Safety Council's 'Shreshtha Suraksha Puruskar' in the manufacturing sector for their outstanding performance on Occupational Health and Safety. We also bagged the 'Golden Peacock Environment Management Award' during the year. Our Company was also garnered the 'Golden Peacock National Quality Award' in FY17.

Marketing & Distribution

Our Company has a legacy in building strong brands and delivering our customer promise by leveraging the strong marketing and distribution set up. Our marketing teams adopt a three-pronged approach in building powerful brands and creating strong recall value for our products. Our pre-launch efforts include mapping the target users & markets, on-field training, generating testimonials, brand awareness and teaser campaigns. Our product launch campaigns include theme, location & venue finalisation, stakeholder involvement and press & media coverage. Whilst, the post launch efforts include exhaustive branding & promotional activities, channel handholding, demand generation activities, geographical & crop label expansion and product stewardship.

Some of our significant brands like NOMINEE GOLD, OSHEEN, BIOVITA, CUPRINA, ROKET, FORATOX, KITAZIN, KEEFUN, VIBRANT have built a strong association with farmers and a strong recall value in the minds of our consumers. Several of our brands are ranked No.1 in the market in the respective to product category and some of our brands are more than a decade old. During the year under review, we have launched a new herbicide, LEGACEE.

Our Company has a very strong and wide distribution network spanning across the length and breadth of the country. We have 30 stock points including our own depots and C&F agents who work on hub-and-spoke distribution model to ensure timely delivery of our products. With 9 zonal offices, 30 depots, 1500 experienced field force, 5,000 active dealer/distributors and more than 40,000 retailers spread across the country, we reach out to more than a million farmers. Our centralised SAP-based ERP system provides an efficient last mile connectivity. Our Company has a huge database of farmers,helping us remain connected to them through modern IT tools.

Customer Connect

We believe that investing in an improved customer experience forms the base of our business model. We leverage our extensive presence in the rural areas effectively by combining the use of latest technology in our outreach programs.

Our strategic business partner meets are held at a regular intervals wherein the channel partners are informed and trained on the shifting paradigms in agriculture. In addition, necessary trainings are also provided to enable them to be ready to deal with technological advancement in agriculture. Our channel partners along with a strong & experienced field force visit the villages and farmers regularly, conduct group meetings, impart knowledge and train them on improved methods of agriculture to increase yield and productivity. Our Company has used digital technology by means of mobile and tablets to enhance its reach to the farmers.

Our Company has longstanding relationship with more than 18 global innovators. We continue to further strengthen the relationships through strategic alliances & partnerships. During the year, our Company entered into a Joint Venture with Mitsui Chemicals, which is a testimony of the relationship based strategic partnership approach.

Our business development teams work closely with our global customers on the new enquiries, desktop evaluation, kilo & pilot plant operations, commercial scale up, manufacturing and shipping of goods. Our experience in handling variety of chemistries, strong in-house R&D and

process research capabilities, quick turn-around time, optimised manufacturing processes, on-time delivery performance help us to be a partner of choice for our global customers.

FINANCIAL REVIEW

Your Company's revenue from operations for the year stood at ₹ 2,382.94 crores, reflecting an increase of 8.45% over the previous year. The operating profit for the year grew to ₹ 550.53 crores from ₹ 429.38 crores last year i.e. an increase of 28.22% YoY. The net profit for the year on stand-alone basis grew to ₹ 457.36 crores from ₹ 309.66 crores in the previous year i.e. an increase of 47.70% YoY. Our EBIDTA margin improved 356 basis points to 23.10% in 2016-17 over 2015-16 and PAT margin strengthened 510 basis points to 19.19% in 2016-17 over 2015-16.

The Earnings Per Share (EPS) for the year stood at ₹ 33.31 per share an increase of 47.19 % compared to ₹ 22.63 per share for the previous year.

CORPORATE SOCIAL RESPONSIBILITY

Our Company's Corporate Social Responsibility (CSR) policy focuses on providing platforms for the underprivileged by promoting inclusive growth which is holistic, sustainable and socially uplifting, thus, enabling them to emerge as significant contributors in India's growth story. Scalability & Sustainability of the intervention forms the crux of our social development plan. The underlining theme of our CSR philosophy is to create equity in society with our actions.

In pursuit of our objectives, we have supported a wide range of programmes like Sustainable Agriculture, Education and Skill Development, Livelihood Enhancement, Health & Hygiene Initiatives and Community Awareness. These activities have been undertaken through our Trust named "PI Foundation", which drives the Company's CSR mission. The detailed activities undertaken by the Company during FY 17 have been described under CSR section forming part of this Annual Report.

RISK MANAGEMENT

Our Company has a robust Risk Management framework which identifies & assesses risk to the achievement of business objectives and monitors the effectiveness & efficiency of risk responses against strategic, operational, financial and compliance risks. We also focus on existential and emerging threats, that could materially impact our Company's overall risk exposure, calibrate them from materiality standpoint and evolve mitigation mechanisms as and when required.

Some of the key areas of risk include Climate risk, Currency risk, Intellectual Property risk, Talent risk, Third Party risk and EHS risk. Our Audit plan is drawn on the basis of major risk areas identified. Our Company has adopted a Risk Management Policy pursuant to Section 134 of the Companies Act, 2013.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

During the year, we carried out several actions to attract, develop and retain high quality talent. As part of our Employer Branding exercise, our senior managers visited premier agricultural, engineering and management campuses and articulated a compelling value proposition. Recognising that referrals constitute the most effective and cost-efficient method to source good external talent, we reinvigorated our internal referral scheme. A top leadership development initiative was launched to identify and build on the strengths of our leadership team and help our leaders enhance their leadership skills individually and collectively. As part of our deep commitment to enhance the capabilities of our employees, targeted learning and development programmes continued during the year. Going forward, we intend to harness the power of technology to make the delivery of such programmes more efficient and employee-centric. Recognising the need to ensure such proposition, we have applied the right organisational skill to meet and address future opportunities and challenges wherein we undertook a wide-range of organisational review. The review resulted in the implementation of changes in our organisation structure that would enable us to focus on new and emerging areas, strengthening key functions, provide fresh challenges to our talents and addressing the need for succession planning.

Our compensation and rewards continue to be competitive. The year witnessed a number of engagement activities aimed at building a spirit of camaraderie across locations. As at March 31, 2017, our employee strength stood at 2,013. Our industrial relations continued to be cordial.

INTERNAL CONTROL SYSTEMS

The internal control systems are commensurate with the size, scale and complexity of the operations of the Company. All operations at the Company are carried out on the SAP system. The in-house internal audit team plans the audit schedule for the year in consultation with CFO and the Audit Committee. The schedule of the audit is prepared on the basis of 'risk assessment' to make sure all the assets of the Company are protected against losses. The Audit Committee of the Board approves the internal audit plan at the start of every financial year to ensure the coverage of most functions with a view to minimise associated risks.

Independent external teams of M/s KPMG and PKF Sridhar & Santhanam have been engaged as the Internal Auditors to perform the internal audit function, assess the internal controls and statutory compliances in various areas and also provide suggestions for improvement. The Audit Committee regularly reviews the major findings of the internal audit with respect to different locations and functions to help take effective steps in ensuring compliance. The periodic report prepared by internal audit team created the basis of certification provided by the Managing Director and Chief Financial Officer for financial reporting as required under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

INFORMATION TECHNOLOGY

At PI Industries, we understand that the essence of business growth is derived from improved automation and digitalisation. Hence, information technology is one of our priority focus areas. Our upgraded ERP system, SAP HANA has increased the system speed, performance and response time multiple times, thereby enhancing productivity and efficiency.

Bridging the digital gap for our customers in the Agri-world has been a key strategic IT initiative. Our Company has improved and upgraded its software portfolio, application services, and is now digitally connecting our distributors, direct dealers, retailers with our sales teams through mobiles and tablets. This has significantly enhanced the value to our customers with real-time tracking of accounts, billing and material movement. Further to this, the upgrades have improved our ability to monitor the performance of our sales force on a real time basis.

In order to equip our scientists with cutting-edge technologies, we have invested in Electronic Lab Notes (ELN) for our R&D department. This technology brings collaborative scientific tools that improve the productivity of our scientists through automation, integration with lab instruments, knowledge-based search through libraries of chemical structures and work flows, etc.

In addition, PI Industries also implemented Lab Information Management System (LIMS) in its Manufacturing Sites which helps labs provide accurate & timely results at a faster speed and with an increased reliability. LIMS is closely integrated with SAP as well as all critical QC instruments, ensuring highest quality and substantially improving overall lab efficiency and operations.

In order to provide a robust platform for our applications and to ensure availability and scalability, our network and infrastructure has been restructured for scales and efficiency.

OUTLOOK

We are optimistic about our business model and looking at maintaining the growth momentum backed by solid product mix, state-of-the-art infrastructure and long standing partnership with customers,thus, leveraging the integrated capabilities across value-chain.

As far as growth in exports is concerned, it is expected to be muted in the early part of the year as the outlook of global agrichem industry continues to be soft, which is expected to rebound from 2018. We have augmented the order book position and continue to significantly enhance our product pipeline in R&D for potential commercialistion. Our investment in technologies is envisaged to enhance product offerings across the industry verticals, which, in turn, will help sustain the growth momentum.

The domestic operations will be backed by exciting new brand launches that will strengthen the range of product offerings to the farmers. We plan to introduce 4 new products during the year through a strategic partnership with BASF. Our Company will continue to build deeper strategic alliances to further strengthen our product portfolio also by adding new technology solutions.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their report and the Company's audited financial statements for the financial year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

(₹ in Cr.)

Particulars	FY 2016-17	FY 2015-16
Revenue from Operations	2382.94	2197.34
Other Income	35.82	34.86
Profit Before Interest, Depreciation and Tax	586.35	464.24
Interest	7.20	9.60
Depreciation	72.68	53.74
Profit before Tax & Exceptional items	506.47	400.90
Current Tax inclusive of earlier year Tax	102.43	90.46
Deferred Tax Asset/Liability	(53.32)	0.78
Profit after Tax	457.36	309.66
Other Comprehensive Income	4.93	2.49
Total Comprehensive Income	**462.29**	**312.15**
Balance of retained earning brought forward from previous year	806.97	601.00
- Profit for the year	457.36	309.66
- Other Comprehensive Income (OCI) for the year	(4.40)	0.17
Appropriations:-		
Interim Dividend on Equity Shares	20.64	42.51
Income Tax on Interim Dividend	4.20	8.63
Transfer to General Reserve	45.74	31.33
Final Dividend on Equity Shares	-	17.76
Income Tax on Final Dividend on Equity shares	-	3.63
Balance Profit / (-) Loss carried forward	1189.35	806.97

ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Financial statements for the year ended March 31, 2016 have been restated to conform to Ind AS. Note no.43 to the Standalone financial statements provide further explanation on the transition to Ind AS.

2. KEY HIGHLIGHTS

Your company's Revenue from Operations for the year grew to ₹ 2,382.94 crores from ₹ 2,197.34 crores last year registering a growth of 8.45 % YoY. The Operating Profit for the year grew to ₹ 550.53 crores from ₹ 429.38 crores last year i.e. an increase of 28.22% YoY. The Net Profit for the year on stand-alone basis grew to ₹ 457.36 crores from ₹ 309.66 crores in the previous year i.e. an increase of 47.70 % YoY.

EBIDTA margin improved 356 basis points to 23.10 % in 2016-17 over 2015-16 and PAT margin strengthened 510 basis points to 19.19 % in 2016-17 over 2015-16.

Your Company proposes to transfer an amount of ₹45.74 crores to the General Reserves.

Your Company's Net Profit on a consolidated basis increased to ₹ 459.44 crores during the year as compared to ₹ 311.55 crores in the previous year, a growth of 47.47 % YoY.

The Earnings per share (EPS) for the year stood at ₹ 33.31 per share an increase of 47.19 % compared to ₹ 22.63 per share for the previous year.

During the year, your Company launched a new product "LEGACEE", a rice herbicide. Your Company commercialized four new molecules for custom synthesis exports, which are expected to gain traction over the next few years.

Your Company entered into a Joint-venture agreement with Mitsui Chemical Agro Inc., Japan (MCAG) on May

30, 2016 for providing the registration services for MCAG's proprietary agro-chemicals through its associate company Solinnos Agro Sciences Pvt Ltd, in which PI subsidiary namely PI Life Science Research Ltd., holds 49% equity and remaining 51% share is held by MCAG.

Your company invested ₹ 141.79 crores in fixed assets for expansion of manufacturing and Research & Development capacities.

3. PERFORMANCE REVIEW

After two consecutive years of draught, India had a favourable agricultural environment in FY 16 -17. Rainfall for South West monsoon season was at 97% of its Long Period Average (LPA). The agricultural acreage, sowing and output went up during the year compared to prior year. Khariff season witnessed a delayed monsoon and insufficient rainfall in catchment areas coupled with low pest infestation. Rainfall during Rabi season was significantly delayed and had a deficit of 60% resulting in several districts declared as draught prone in the southern part of the country. Demonetization initiated by Central Govt. in November 2016 also had impacted liquidity position in the agri market.

In a year that had a mixed bag for agro-chemical industry, your company registered an overall revenue growth of 8.45% YOY basis and outperformed the industry.

Brand sales continued to be strong during the year. Nominee Gold, a flag ship product of the company faced generic competition during the year. Your company's pro-active marketing efforts coupled with strong brand recall for the product resulted in growing the molecule YoY. Other key products of the company like Biovita, Osheen, Keefun, Vibrant, Foratox, Rocket continued to grow during the year. Legacee, a rice herbicide was introduced during the year to compliment with other key products in the portfolio and has been well accepted in the market. Your company has a rich pipeline of products that are being evaluated, to add to the diverse product portfolio and propel sustainable growth in mid and long term. To match the increasing demand of domestic agri products, new agri formulation facilities were built at Panoli 2nd site.

Your company's exports grew by 11% during the year despite a slowdown in the global agro-chemical industry. During the year, your company has successfully commercialized four new molecules. FY 17 marked the first full year of operations for the 2 new plants commissioned in Jambusar SEZ. New products commercialized along with the enhanced utilization of multi-purpose plants at Jambusar SEZ, is expected to provide further growth momentum to the exports in the coming years.

During the year, your company undertook several measures to improve the operating effectiveness, safety and environmental compliances. Your company's manufacturing sites' Emergency Control Center (ECC) was equipped with online dispersion modelling software for better understanding, predictability and control of dispersion phenomenon. A PLC based automation of bromine plant & fire hydrant system along with emergency transfer facility for bromine at both locations have been implemented. Online VOC sensors were installed at Panoli location on boundary with online display at ECC.

Truly being in the forefront of science-led opportunities, your Company has implemented various digitalization initiatives to drive efficiencies. Laboratory Information Management System (LIMS) and Alarm Information Management System (AIMS) were implemented at both the manufacturing sites. LIMS will enable to quickly analyse quality samples, leading in shorter turn-around-time of quality data resulting into quicker and better decision making at the Operations. In the future, analytics from LIMS could be used to determine golden batch parameter.

Your company has won numerous awards and received much recognition. Panoli manufacturing site has won Golden Peacock Quality Award 2016, Golden Peacock Environment Award 2016 and Silver Certificate of Merit (Suraksha Puraskar) from National Safety Council. Jambusar manufacturing site has won Golden Peacock Quality Award 2017 and Certificate of Appreciation from National Safety Council. These awards are a testimony to your company's commitment to maintaining high standards of quality, environment and safety.

Research & Development (R&D)

You will be glad to know that during the year, your company completed the second phase of expansion of R&D set up by constructing the second and third floors of the State of the Art R&D centre and setting up the green house facilities for biological testing. This new infrastructure would further support to increase R&D projects under various disciplines of chemistry, library synthesis, molecule design, lead optimization, route synthesis, biological & green house testing and joint research assignments with global innovator partners.

Your company's research strategy and implementation are well supported by a strong team comprising of more than 250 research scientists having expertise and experience in chemistry, analytical techniques, IP management and basic & detailed process engineering. During the year, R&D undertook development work on 25 new projects covering different sectors i.e. Agro, Pharma and Electronic chemical applications. In the custom synthesis area, eleven new molecules progressed to the next stage and four molecules were commercialized during the year. You will be further glad to know that your company has identified patentable processes and has initiated the patent evaluation process.

Your company aims to pursue cost leadership in which R&D team also worked on process innovations for several existing products to identify cost improvement opportunities and at the same time maintaining highest standards of Quality, Health, Safety and Environment (QHSE). In this context, the R&D and manufacturing team are constantly working together to reduce environmental load, enhance safety and reduce cost.

4. FINANCE

Your Company continued to focus on managing cash efficiently and ensured that it had adequate liquidity and back up lines of credit. Net Cash from operations for the year stood at ₹ 336.80 crores. Your Company follows a prudent financial policy and aims at maintaining an optimum financial gearing. The Company's Debt to Equity Ratio was 0.05 as on March 31, 2017.

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

5. DIVIDEND

During the year, the Board of your Company has declared an interim dividend of ₹ 1.50 per equity share of ₹ 1/- each in its Board Meeting on October 25, 2016. The Directors are pleased to recommend a final dividend of ₹ 2.50 per equity share of 1/- each. This will take the total dividend for the year to ₹ 4/- per equity share of ₹ 1/- each. The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on the record date i.e. September 01, 2017.

DIVIDEND DISTRIBUTION POLICY

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

6. SUBSIDIARY & ASSOCIATE COMPANIES

Your Company has three (3) Wholly-owned Subsidiary Companies and one (1) Associate Company as on March 31, 2017. The key highlights of these subsidiary and associate companies are as under:

SUBSIDIARY COMPANIES

(i) PI Life Science Research Ltd.

During the year, the Company posted a profit of ₹ 181 Lacs earned on account of various R&D activities for developing new products.

(ii) PI Japan Co. Ltd.

The Company posted a net profit of JPY 19.92 lacs during the year. Due to the size of operations and local laws, the annual accounts of this Company are not required to be audited. The same have been certified by the Management of the Company.

(iii) PILL Finance and Investments Ltd.

The Company posted a profit of ₹ 23.39 lacs during the year.

ASSOCIATE COMPANY

Solinnos Agro Sciences Pvt. Ltd

The Company holds 49% equity in Solinnos Agro Sciences Pvt. Ltd through its subsidiary company namely M/s PI Life Science Research Limited and hence an associate company. The Company posted a loss of ₹ 18.89 lacs during the year ended March 31, 2017.

A statement containing salient features of the financial statements of the Subsidiary Companies and Associate Company is given in form AOC-1. Refer Annexure 'A' to this Report.

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

7. RISK MANAGEMENT POLICY AND INTERNAL CONTROLS

Your company processes are inbuilt to enable risks to be identified, assessed and mitigated appropriately. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. The Internal Audit Function regularly reviews various risks and places the report before the Audit Committee of your Company from time to time.

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

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

8. INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

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

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

In our view, the Internal Financial Controls over Financial Reporting are adequate and are operating effectively as on March 31, 2017.

9. RELATED PARTY TRANSACTIONS

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

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

The Related Party Transactions Policy as approved by Board on recommendation of the Audit Committee is uploaded on the Company's website at the following weblink:

http://www.piindustries.com/Media/Documents/Related%20Party%20Transactions%20Policy(r).pdf

Your Company does not have any contracts or arrangements with its related parties falling under Section 188(1) of the Companies Act, 2013. Hence, the details of such contracts or arrangements with its related parties are not disclosed in Form AOC-2 as prescribed under the Companies Act, 2013 and the Rules framed thereunder. Your Directors draw attention of the Shareholders to Note No. 36 of the standalone financial statements which set out related party disclosures.

10. AUDITORS

Statutory Auditors and Auditor's Report

As per Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the term of M/s. S.S. Kothari Mehta & Co. (Firm Registration No. 000756N), Chartered Accountants, New Delhi, as the Statutory Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company. The Auditors' Report given by M/s. S.S. Kothari Mehta & Co., Statutory Auditors on the financial statements of the Company for the year ended March 31, 2017 is part of the Annual Report. The Auditors' Report does not contain any qualification, reservation or adverse remark. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act. The Board places on record its appreciation for the services rendered by M/s. S.S Kothari Mehta & Co., Chartered Accountants, as the Statutory Auditors of the Company during their tenure.

The Board of Directors of the Company at their meeting held on May 16, 2017, on the recommendation of the Audit Committee, have made its recommendation for appointment of M/s. Price Waterhouse, LLP, Chartered Accountants (ICAI Registration No-012754N/N500016), as the Statutory Auditors of the Company by the Members at the forthcoming Annual General Meeting of the Company for an initial term of 5 years. Accordingly, a resolution, proposing appointment of M/s. Price Waterhouse, LLP, Chartered Accountants, as the Statutory Auditors of the Company for a term of five consecutive years i.e. from the conclusion of 70th Annual General Meeting till the conclusion of 75th Annual General Meeting of the Company pursuant to Section 139 of the Companies Act, 2013, forms part of the Notice of the 70th Annual General Meeting of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

Cost Auditor

Pursuant to the directives issued by the Central Government, an audit of the cost records relating to Insecticides (Technical grade and formulations) manufactured by the Company is required to be conducted by an auditor with the requisite qualifications as prescribed under Section 148 of the Companies Act, 2013. Your Board has appointed M/s K.G. Goyal & Co., Cost Accountants, Jaipur, as Cost Auditors based on the recommendation of the Audit Committee for the conduct of the audit of cost records of Insecticides (Technical grade and formulations) for the year ending March 31, 2018.

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

Secretarial Auditor

The Board had appointed Mr. R.S. Bhatia (CP No.2514), practicing Company Secretary, to carry out Secretarial Audit in accordance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the financial year ended March 31, 2017. The Secretarial Audit Report for the financial year ended March 31, 2017 has been obtained and does not contain any qualification, which requires any comments from the Board. The Secretarial Audit Report for financial year ended March 31, 2017 is annexed to this report as Annexure 'B'.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company has not made any investment during the year under the provisions of Section 186 of the Companies Act, 2013. The details of loans and guarantees covered under the aforesaid provisions are mentioned in Note No. 8c forming part of the Notes to the financial statements.

12. DEPOSITS

Your Company has not accepted any public deposits during the financial year 2016-17 and as such no amount of principal or interest was outstanding as on March 31, 2017.

13. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, there was no dividend that remained unclaimed or unpaid for more than seven years that would need to be transferred to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 09, 2016 (date of last Annual General Meeting) on the Company's website and on the website of the Ministry of Corporate Affairs. The details can be viewed at company's website at following link:

http://www.piindustries.com/sites/default/files/Copy%20of%20Unpaid%20Div%2015%209%2015%20all.pdf

14. BOARD AND COMMITTEES

a) Board of Directors

Your Company is managed and controlled by a Board comprising an optimum blend of Executive and Non-Executive Professional Directors. The Chairman of the Board is a Non-Executive Independent Director. As on March 31, 2017, the Board of Directors consists of seven (7) Directors consisting of Managing Director & CEO, Whole-time Director and five (5) Non-executive Directors, out of which four (4) are Independent Directors including one Woman Director. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the relevant provisions of the Companies Act, 2013. All the Directors possess requisite qualifications and experience in general corporate management, strategy, finance, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

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

After serving the company's Board for more than four decades, Mr. Salil Singhal, Chairman & Managing Director stepped down from the board of the company on attaining the age of 70 years. Under his leadership, the Company transformed in to the fastest growing, highest value creating entity by establishing long standing relationships across its wide spectrum of stakeholders with a reputation for trust, ethical standards and passion for growth. The Board of Directors places on record their deep appreciation for the enormous contributions made by Mr. Salil Singhal during his association with the company. At the unanimous request of your company's Board, Mr. Salil Singhal accepted to be designated as 'Chairman Emeritus'.

Owing to his deep business insight, relationships with global majors, involvement in policy making and key positions that he holds in various industry forums, Board recommended the appointment of Mr Salil Singhal as an Advisor to the Company, which was duly approved by shareholders vide postal ballot, the result of which were declared on May 04, 2017.

Due to his pre-occupation, Dr Venkatrao S. Sohoni resigned from the Board of the Company w.e.f September 14, 2016. The Board places on record the appreciation of the services rendered by him during his association with the Company.

Mr. Narayan K. Seshadri has been appointed as a Non-Executive Chairman on the Board of the Company w.e.f October 05, 2016 as duly approved by Board in its meeting held on October 05, 2016. Mr. Narayan K. Seshadri has an extensive experience in the field of corporate finance, corporate governance, policy formulation, corporate strategy, organization restructuring and transformation. He has provided valuable business insights by advising the Board of various companies in the areas of banking, financial services, agrochemical, health care and IT. His keen business acumen is invaluable for the business growth of the Company.

In order to strengthen the Board, Mr. Arvind Singhal has been inducted as an Additional Director on the Board of the Company w.e.f October 05, 2016 and Dr T.S. Balganesh has been appointed as an Additional Director on the Board of the Company w.e.f May 16, 2017 on the basis of the recommendation of Nomination and Remuneration Committee. They hold their respective offices up to the conclusion of forthcoming Annual General Meeting. The Company is in receipt of notice from the shareholder(s) proposing their appointment as Director at forthcoming Annual General Meeting. The Board recommends their appointment for approval of the members in the forthcoming Annual General Meeting.

Based on the recommendations of the Nomination and Remuneration Committee and Board of Directors, Mr. Ravi Narain was appointed as Independent Director by shareholders at its last Annual General Meeting held on September 09, 2016 for a period of 3 years.

The tenure of appointment of Mr. Narayan K. Seshadri, Ms. Ramni Nirula and Mr. Pravin K. Laheri as an Independent Directors on the Board of the Company shall expire at the conclusion of the forthcoming Annual General Meeting. In accordance with the provisions of sec 149 of the Companies Act, 2013, read with relevant rules made thereunder, Board recommends their re-appointment as Independent Director for another term of 5 years at the forthcoming Annual General Meeting.

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

b) Evaluation of the Board's Performance

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

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

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

d) Composition of Audit Committee

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

e) Directors Responsibility Statement

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

(a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards had been followed;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2017 and of the profit of the Company for that period;

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

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

(e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information and

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

15. CHANGES IN KEY MANAGERIAL PERSONNEL

During the year, Mr. Salil Singhal, Chairman & Managing Director stepped down from the Board of the Company after attaining the age of 70 years. There has been no change in any other Key Managerial Personnel of the Company during the year.

16. EXTRACT OF ANNUAL RETURN

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

17. EMPLOYEES

a) Remuneration policy of the Company

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

b) Human Resources and Trade Relations

Acquisition and retention of right talent is critical to maintain desired operational standards. The success of any organization is driven by its people and your Company believes that its employees are one of its biggest assets. Various Training & Development programmes are organized to harness the skills of company employees. Lot of efforts are put in Talent Management, Strong Performance Management, learning and training initiatives in order to ensure that your Company consistently develops strong inspiring and credible leadership at various levels of the organization.

During 2016-17, your Company continued to have cordial relationship with all its employees and maintained healthy, cordial and harmonious industrial relations at all levels.

Total workforce of your Company stood at 2013 as on March 31, 2017.

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

Your Company has a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as required under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013". The Company has constituted Internal Complaints Committee (ICC) known as Prevention of Sexual Harassment (POSH) Committee to enquire in to complaints of Sexual Harassment and recommend appropriate action. The Company has not received any complaint of sexual harassment during the financial year 2016-17.

d) Particulars of Employees and related disclosures

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

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

e) Employee Stock Option Plan / Scheme

During the year, your Company granted 4,57,864 performance options to eligible employees under PII-ESOP Scheme, 2010 as per the criteria laid down by Nomination & Remuneration 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 is four (4) years. The exercise price of options granted have been arrived by giving discount to the closing market price of the equity share on National Stock Exchange India Limited one day prior to the date of grant of option. Voting rights on the shares issued to employees under the ESOP Scheme are either exercised by them or through their appointed proxy. 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. Details of options as required under SEBI regulations is given in Annexure 'E'.

18. VIGIL MECHANISM – WHISTLE BLOWER POLICY

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

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

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

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

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

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

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

- Water
- Education and Talent Nurturing
- Healthcare
- Hygiene & Sanitation
- Livelihood Enhancement
- Sustainable Agriculture
- Skill Development
- Employee Engagement through CSR

During the financial year 2016-17, the Company has contributed an amount of ₹ 6.95 cr. to PI Foundation, aggregating to 2% of its average net profits for preceding 3 financial years. However, PI Foundation has been able to spent an amount of ₹ 5.33 cr. during the financial year 2016-17, since few projects considered are ongoing and spread over 2 to 3 years and would thus require a continuous outflow in respect of the same.

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

21. CORPORATE GOVERNANCE

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

22. MANAGEMENT DISCUSSION AND ANALYSIS

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

23. BUSINESS RESPONSIBILITY REPORT

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires top 500 listed companies by Market capitalisation to give Business Responsibility Report in their Annual Report effective from financial year starting April 01, 2016.

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

24. CHANGES IN SHARE CAPITAL

During the year, your Company had issued 4,59,402 Equity Shares of ₹1/- each which were allotted to PII ESOP Trust (Trust), set up to administer PII Employee Stock Option Plan-2010. The Trust allocates these shares to the employees of the Company and its subsidiaries on exercise of stock options from time to time under the aforesaid Scheme. As a result of this allotment, the paid-up equity share capital of your Company increased to ₹13.76 cr. (comprising of 13,75,86,624 Equity Shares of ₹1/- each as on March 31, 2017) from ₹13.71 cr. (comprising of 13,71,27,222 Equity Shares of ₹1 each as on March 31, 2016).

25. GENERAL

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

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

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

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

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

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

26. ACKNOWLEDGEMENTS

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

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

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

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

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 16, 2017

Annexure - A

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

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

(₹ in Lacs)

S. No.	Particulars	Name of the subsidiaries		
		PI Life Science Research Ltd	PILL Finance and Investments Ltd	PI Japan Co. Ltd
1.	The date since when subsidiary was acquired	9th December, 2004	17th August, 1992	23rd May, 2007
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	JPY;1 = .580025
4.	Share capital	94.50	36.00	29.00
5.	Reserves & surplus	1400.76	340.24	92.34
6.	Total assets	1506.81	383.96	144.95
7.	Total Liabilities	11.55	7.72	23.61
8.	Investments	51.45(asso)	44.01	-
9.	Turnover	363.22	24.50	365.83
10.	Profit before taxation	264.68	34.19	16.63
11.	Provision for taxation	83.68	10.80	4.18
12.	Profit after taxation	181.00	23.39	12.45
13.	Proposed Dividend	-	-	-
14.	Extent of shareholding (In percentage)	100%	100%	100%

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

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

Part "B": Associates and Joint Ventures

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

(₹ in Lacs)

Name of Associate Entity		Solinnos Agro Sciences Pvt. Ltd
1.	Latest audited Balance Sheet Date	31st March, 2017
1.	Date on which the Associate was associated	2nd May 2016
3.	Shares of Associate held by the company on the year end No. of shares (No.)	5,14,500 equity shares of ₹ 10/- each
	Amount of Investment in Associates (₹ in Lacs)	51.45
	Extend of Holding (In percentage)	49%
4.	4. Description of how there is significant influence	PI Life Science Research Ltd (wholly owned subsidiary company of PI Industries Ltd.) holds 49% equity in Solinnos Agro Sciences Pvt. Ltd and is able to participate in financial and operating policy decision making of the company.
5.	5. Reason why the associate is not consolidated	The control is with Mitsui Chemicals Agro Inc., Japan which holds 51% equity in the Company.
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	86.11
7.	Profit/(Loss) for the year	(18.89)
i.	Considered in Consolidation	-
ii.	Not Considered in Consolidation	(18.89)

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

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

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 16, 2017

Annexure - B

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 1956 and Companies Act, 2013 ("the Acts') and the rules made thereunder, as applicable;

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

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

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

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

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

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

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

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

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

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

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

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

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

   a. Insecticides Act, 1968

   b. Indian Boiler Act, 1932

   c. Explosives Act, 1884

   d. Poison Act, 1919

   e. Handling of Hazardous Waste Rules, 1988

   f. Petroleum Act, 1934

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the financial year ended March 31, 2017 complied with the aforesaid laws.

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Director The changes in the composition of the Board of Directors that took place during the financial year under review, were carried out in compliance with the provisions of the Acts and the Listing Agreement/Regulations;

2. Adequate notice was given to all the Directors regarding holding of the Board Meetings. Agenda was sent in advance before the meeting. There exists a system for Directors to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;

3. Decisions at the Board Meetings were carried through with requisite majority & recorded as part of the minutes of the meetings. (No dissent was there nor any dissent recorded).

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

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

I further report that the Company has allotted 4,59,402 equity shares to PII ESOP Trust on October 25, 2016 under the PII- ESOP Scheme 2010.

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

Place: New Delhi
Dated: 16.05.2017

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

Annexure – B-1

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

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

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

Management's Responsibility

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

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.

4. Where ever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

6. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

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

Place: New Delhi
Dated: 16.05.2017

Annexure - C

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

(pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [as on April 01, 2016]				No. of Shares held at the end of the year [as on March 31, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/HUF	7,09,20,110	-	7,09,20,110	51.72	7,09,20,110	-	7,09,20,110	51.55	(0.17)*
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-		-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Subtotal (A)(1):-	**7,09,20,110**	**-**	**7,09,20,110**	**51.72**	**7,09,20,110**	**-**	**7,09,20,110**	**51.55**	**(0.17)**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A)(1)+(A) (2)	**7,09,20,110**	**-**	**7,09,20,110**	**51.72**	**7,09,20,110**	**-**	**7,09,20,110**	**51.55**	**(0.17)**
	* During the year 2016-17, paid up share capital of the Company has increased from 13,71,27,222 to 13,75,86,624 Equity Shares of ₹ 1 each on account of allotment of 4,59,402 equity shares in pursuance of the PII ESOP Scheme.								
B. Public Shareholding									
1. Institutions									
a) Mutual funds	1,65,07,059	-	1,65,07,059	12.04	1,75,67,425	-	1,75,67,425	12.77	0.73
b) Banks / FI	9,212	-	9,212	0.01	15,296	-	15,296	0.01	0.00
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-		-	-	-
g) FIIs/FPIs	2,82,30,977	-	2,82,30,977	20.59	2,98,97,282		2,98,97,282	21.73	1.14
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	
Sub total (B)(1):-	**4,47,47,248**	**-**	**4,47,47,248**	**32.64**	**4,74,80,003**	**-**	**4,74,80,003**	**34.51**	**1.87**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	24,68,247	-	24,68,247	1.80	16,74,088	-	16,74,088	1.22	(0.58)
ii) Overseas	20,95,426	-	20,95,426	1.53	10,95,426	-	10,95,426	0.80	(0.73)
b) Individuals	-	-	-	-	-	-	-	-	
i) Individual shareholders holding nominal share capital upto ₹1 lakh	84,64,946	6,18,115	90,83,061	6.62	96,55,005	5,53,348	1,02,08,353	7.42	0.80
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	23,95,275	3,10,500	27,05,775	1.97	21,88,802	2,02,500	23,91,302	1.74	(0.23)
c) Others -(specify)									
Directors Relatives	4,18,510	-	4,18,510	0.31	-	-	-	-	(0.31)
Directors	14,85,998	-	14,85,998	1.08	9,84,558	-	9,84,558	0.72	(0.36)
Non Resident Indians	11,72,308	-	11,72,308	0.85	11,52,854		11,52,854	0.84	(0.01)
Clearing Members	97,640	-	97,640	0.07	69,439	-	69,439	0.05	(0.02)
Trusts	13,54,182	-	13,54,182	0.98	10,23,446	-	10,23,446	0.74	(0.24)

Category of Shareholders	No. of Shares held at the beginning of the year [as on April 01, 2016]				No. of Shares held at the end of the year [as on March 31, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Employee Benefit Trusts	2,28,135		2,28,135	0.17	2,36,319		2,36,319	0.17	-
NBFC Regd. with RBI	2,800	-	2,800	0.00	5,306	-	5,306	0.00	-
HUF	3,47,782	-	3,47,782	0.25	3,45,388	-	3,45,388	0.25	-
Foreign National	-	-	-	-	32	-	32	0.00	-
Sub total (B)(2):	**2,05,31,249**	**9,28,615**	**2,14,59,864**	**15.65**	**1,84,30,663**	**7,55,848**	**1,91,86,511**	**13.95**	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**6,52,78,497**	**9,28,615**	**6,62,07,112**	**48.28**	**6,59,10,666**	**7,55,848**	**6,66,66,514**	**48.45**	
C. Shares held by Custodian for GDRs& ADRs	-	-	-	-	-	-	-	-	
Grand Total (A+B+C)	**13,61,98,607**	**9,28,615**	**13,71,27,222**	**100**	**13,68,30,776**	**7,55,848**	**13,75,86,624**	**100**	

B) Shareholding of Promoter(s)

S. No	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2016)			Shareholding at the end of the year (as on March 31, 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encum-bered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Salil Singhal jointly with Ms. Madhu Singhal	1,70,57,174	12.44	-	-	-	-	(12.44)
2	Ms Madhu Singhal jointly with Mr. Mayank Singhal	33,41,700	2.44	-	1,36,47,100	9.92	-	7.48
3	Ms Madhu Singhal jointly with Mr. Salil Singhal	2,37,64,621	17.33	-	6,44,500	0.47	-	(16.86)
4	Mr. Mayank Singhal jointly with Ms. Madhu Singhal	4,41,647	0.32	-	3,20,24,820	23.28	-	22.96
5	Mr. Salil Singhal	1,31,01,879	9.55	-	-	-	-	(9.55)
6	Mr. Salil Singhal, Karta Salil Singhal (HUF)	1,28,73,629	9.39	-	-	-	-	(9.39)
7	Ms. Pooja Singhal jointly with Mr. Salil Singhal	2,21,387	0.16	-	86,61,860	6.30	-	6.14
8	Ms. Shefali Khushalani jointly with Mr. Salil Singhal	1,10,693	0.08	-	1,10,693	0.08	-	-
9	Mr. Salil Singhal jointly with Ms. Shefali Khushalani	-	-	-	85,54,857	6.22	-	6.22
10	Ms. Madhu Singhal jointly with Ms. Pooja Singhal	-	-	-	36,34,450	2.64	-	2.64
11	Ms. Madhu Singhal jointly with Ms. Shefali Khushalani	-	-	-	36,34,450	2.64	-	2.64
12	Ms. Pooja Singhal	3,690	-	-	3,690	-	-	-
13	Mr. Mayank Singhal	3,690	-	-	3,690	-	-	-

C) Change in Promoters' Shareholding

S.No.	Particulars	Shareholding at the beginning of the year (as on April 01, 2016)		Shareholding at the end of the year (as on March 31, 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	7,09,20,110	51.72	-	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/Decrease	Inter se transfer of equity shares among immediate relatives and dissolution of HUF belonging to promoter group. There has been no change in the total no. of shares held by the promoters.		-	-
	At the end of the year	-	-	7,09,20,110	51.55*

* During the year 2016-17, paid up share capital of the Company has increased from 13,71,27,222 to 13,75,86,624 Equity Shares of ₹ 1 each on account of allotment of 4,59,402 equity shares in pursuance of the PII ESOP Scheme.

D) Shareholding Pattern of top Ten Shareholders

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

S. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year (as on April 01, 2016)		Shareholding at the end of the year (as on March 31, 2017)	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Cartica Capital Ltd.	84,83,037	6.19	84,83,037	6.17
2.	ICICI Prudential Value Discovery Fund	41,00,000	2.99	41,00,000	2.98
3.	Axis Mutual Fund Trustee Ltd. A/c Axis Mutual Fund A/c Axis Long Term Equity Fund	34,77,237	2.54	40,09,141	2.91
4.	Smallcap World Fund, Inc	-	-	25,90,000	1.88
5.	Oppenheimer International Small Company Fund	25,88,639	1.89	25,88,639	1.88
6.	Stichting Depositary APG Emerging Markets Equity Pool	10,15,182	0.74	15,92,383	1.16
7.	SBI Blue Chip Fund	11,00,000	0.80	15,92,416	1.16
8.	Government Pension Fund Global	13,72,428	1.00	13,72,428	1.00
9.	India Emerging Opportunities Fund Ltd.	14,08,654	1.03	13,01,985	0.95
10.	Rowanhill Investments Ltd	20,95,426	1.53	10,95,426	0.80
11.	Mondrian Emerging Markets Small Cap Equity Fund	13,25,774	0.97	10,93,867	0.80
12.	SBI Magnum Midcap Fund	7,98,744	0.58	11,05,327	0.80
13.	Shri Govind Swarup, Trustee, The Alto Trust	11,20,548	0.82	9,00,548	0.65

E) Shareholding of Directors and Key Managerial Personnel

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (as on April 01, 2016)		Shareholding at the end of the year (as on March 31, 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Directors				
1.	Mr. Narayan K. Seshadri	11,64,013	0.85	7,64,013	0.56
2.	Mr. Mayank Singhal Jointly with Mrs. Madhu Singhal	4,41,647	0.32	3,20,24,820	23.28
3.	Mr. Mayank Singhal	3,690	-	3,690	-
4.	Mr. Rajnish Sarna	2,20,545	0.16	2,20,545	0.16
	Other KMP's				
5.	Mrs. Jayashree Satagopan, CFO	-	-	-	-
6.	Mr. Naresh Kapoor, Company Secretary	9,311	0.01	13,488	0.01

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

(₹ in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	15,216.81	-	-	15,216.81
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	27.54	-	-	27.54
Total (i+ii+iii)	**15,244.35**	**-**	**-**	**15,244.35**
Change in Indebtedness during the financial year				
Addition				
Reduction	3,173.49	-	-	3,173.49
Net Change	**3,173.49**	**-**	**-**	**3,173.49**
Indebtedness at the end of the financial year				
i) Principal Amount	12,043.57	-	-	12,043.57
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	27.29	-	-	27.29
Total (i+ii+iii)	**12,070.86**	-	-	**12,070.86**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lacs)

S. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Salil Singhal CMD*	Mr. Mayank Singhal MD & CEO	Mr. Rajnish Sarna WTD	
1	**Gross salary**				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	546.66	424.63	281.50	1252.79
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 incl. stock options	23.52	11.35	0.40	35.27
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Options	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	400.00	225.00	625
	as % of profit				
	others, specify				
5	Others, please specify	-	-	-	-
	Total (A)	**570.18**	**835.98**	**506.90**	**1913.06**
	Ceiling as per the Act (in ₹ /Lacs) (@ 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				**5,271.67**

* Remuneration part of the year.

B. Remuneration to Non-Executive Directors

(₹ in Lacs)

S.No.	Name of the Non-Executive Director	Fee for attending Board/ Committee meetings	Commission	Total
1.	Mr. Narayan K. Seshadri	4.75	30.00	34.75
2.	Mr. Pravin K. Laheri	3.00	20.00	23.00
3.	Mrs. Ramni Nirula	4.50	20.00	24.50
4.	Dr. Venkatrao S. Sohoni *	1.50	0	1.50
5.	Mr. Ravi Narain	1.75	20.00	21.75
6	Mr. Arvind Singhal **	0.75	10.00	10.75
	Total managerial remuneration to Non-Executive Directors	**16.25**	**100.00**	**116.25**
	Ceiling as per the Act (₹ in Lacs) @ 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013			**527.17**

* Dr. Venkatrao S. Sohoni ceased to be a Director on the Board w.e.f. September 14, 2016.

** Mr. Arvind Singhal appointed as an Additional Director w.e.f. October 5, 2016.

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

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

(₹ in Lacs)

S.No.	Particulars of Remuneration	Ms. Jayashree Satagopan CFO	Mr. Naresh Kapoor Company Secretary	Total Amount
1	**Gross salary**			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	200.62	27.56	228.18
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 incl. stock options	0.40	0.35	0.75
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Options	-	44.08	44.08
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	**201.02**	**71.99**	**273.01**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

On behalf of the Board of Director
For PI Industries Ltd.
Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 16, 2017

Inspired by Science

Annexure - D

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

1. **The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year 2016-17 as well as the percentage increase in remuneration of each Directors as under:**

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

Name of Director	Ratio to Median Remuneration	Percentage increase in remuneration over previous year
Non-Executive Director		
Mr. Narayan K. Seshadri	5.94:1	85.33
Mr. Pravin K. Laheri	4.68:1	60.82
Ms Ramni Nirula	4.19:1	25.64
Mr. Ravi Narain@	3.72:1	-
Mr. Arvind Singhal@	1.84:1	-
Executive Director		
*Mr. Salil Singhal, Chairman & Mg. Director	97.52:1	-*
Mr. Mayank Singhal, Mg. Director & CEO	142.98:1	29.97
Mr. Rajnish Sarna, Whole-time Director	86.70:1	32.54

Notes:

* Mr Salil Singhal ceased to be the Chairman & Managing Director of the Company w.e.f August 21, 2016 by way of retirement.

@ Appointed during the year.

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

2. **The percentage increase in median remuneration of employees in Financial Year 2016-17: 11%**

3. **The number of permanent employees on the rolls of Company as on March 31, 2017: 2013.**

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

	% change in Remuneration
Average increase in salary of employees (other than managerial personnel)	15%
Average increase in remuneration of Managerial personnel	22.5%

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

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

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

On behalf of the Board of Director
For PI Industries Ltd.
Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 16, 2017

Annexure - E

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

The position of the existing scheme is summarized as under-

I. Details of ESOP Scheme

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

II. Option Movement during the year

Sr. No	Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016	
		No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
1	No. of Options Outstanding at the beginning of the year	1,559,507	243.69	2,023,684	146.61
2	Options Granted during the year	457,864	744.00	277,126	613.00
3	Options Forfeited / Surrendered during the year	154,116	203.31	139,940	193.37
4	Total number of shares arising as a result of exercise of options	503,177	160.79	601,363	98.64
5	Money realised by exercise of options (₹ in cr.)	8.0993	NA	5.93	NA
6	Number of options Outstanding at the end of the year	1,360,078	447.36	1,559,507	243.69
7	Number of Options exercisable at the end of the year	191,883	139.83	228,134	41.16

III. Weighted Average remaining contractual life

Range of Exercise Price	Weighted average contractual life (years) as on March 31, 2017	Weighted average contractual life (years) as on March 31, 2016
25 to 75	2.58	3.58
No. of Options Outstanding	84,884	116,405
75 to 150	6.14	6.58
No. of Options Outstanding	397,689	889,364
150 to 450	6.91	7.38
No. of Options Outstanding	181,154	293,979
450 to 750	7.45	8.30
No. of Options Outstanding	696,351	259,759

IV Weighted average Fair Value of Options granted during the year

		During the year ended March 31, 2017 (₹)	During the year ended March 31, 2016 (₹)
(a)	Exercise price equals market price	-	-
(b)	Exercise price is greater than market price	-	-
(c)	Exercise price is less than market price	435.15	355.10

V	The weighted average market price of options exercised during the year ended March 31, 2017	₹ 832.44
	The weighted average market price of options exercised during the year ended March 31, 2016	₹ 630.06

VI Employee-wise details of options granted during the financial year 2016-17 to:

(i) Senior managerial personnel

Name of employee	No. of Options granted
Ms. Jayashree Satagopan	92,316

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

Name of employee	No. of Options granted
Ms. Jayashree Satagopan	92,316
Dr. Prashant V. Potnis	31,427
Mr. Sushil Kr. Kharakwal	27,498
Mr. Abhijeet Satsangi	25,534
Dr Manjunatha S.G.	27,184

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

Name of employee	No. of Options granted
NONE	

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

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

The Assumptions used in the model are as follows:

Variables		Weighted Average
1. Risk Free Interest Rate	6.67% to 6.89%	7.49% to 7.57%
2. Expected Life(in years)	4 to 7 years	4 to 7 years
3. Expected Volatility	39.02% to 40.52%	41.39% to 42.31%
4. Dividend Yield	0.37%	0.64%
5. Exercise Price (in ₹)	744.00	613.00
6. Price of the underlying share in market at the time of the option grant.(₹)	845.40	682.85

VIII Assumptions:-

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

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

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

On behalf of the Board of Director
For PI Industries Ltd.
Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 16, 2017

Annexure - F

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

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

(A) CONSERVATION OF ENERGY

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

The Company has continued its efforts to improve energy efficiency at its manufacturing units. Continuous monitoring of energy generation, distribution and consumption trends was carried out for effective utilization of energy.

Steps taken during the year to conserve energy include:

- Use of Flash Steam Recovery System in boilers to recover the waste heat from the process waste steam.
- Corro-coating of the pumps to reduce the losses and reducing the power consumption.
- Piping size optimized in Instrument air and breathing air to reduce the pressure drop and reduce the running hours of the compressor.
- Cooling tower fills and splash bars replaced and drift eliminators upgrades to reduce the pumpingpower and drift losses thus helping in realizing energy savings on pump running costs.
- Installation of condensing economiser in WHRB boilers to recover the waste heat.
- Steam trap system and condensate recovery system optimized to improve the condensate recovery and heat recovery from waste steam.
- Indirect heating system installed in the heating baths to reduce the steam consumption.
- Installed shell and tube heat exchanger condenser in place of PHE in -35 degree celsius brine system to improve the heat transfer and reduce the power consumption of the compressor.
- All new reactors procured were with IE3 high efficiency motor for energy consumption reduction.

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

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

- Installation of 100 KWP roof top solar power plant in PN02 plant.Solar Plant installation is in progress.
- Replaced 125W HPMV Lights in plant area with 48 W LED Lights to reduce energy consumption.
- Replaced conventional tube light rods with LED rods in administrative office for energy consumption reduction.

Plans for the year 2017-18

- Installation of Micro turbine in place of PRV to generate Power by pressure reduction of Steam from 8.5 to 3.5 Kg/Cm2.
- High efficiency Dry vacuum pump in place of existing reciprocating type vacuum pump.
- Installation of pressurised Deaerator for reducing the fuel consumption.
- Use of low pressure screw compressors in place of roots blower.
- Completing and commissioning 100KWP roof top solar project.

(B) TECHNOLOGY ABSORPTION

1. Efforts made towards technology absorption

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

- Flow-chemistry trial for various molecules under trial stage to improve productivity and reduce risk.
- High pressure air oxidation technology is developed at Pilot scale upto 100 lit scale.

To augment its R&D capabilities and productivity through technological innovations, company has started construction of second floor of its state-of-the-art R&D Centre and Pilot Plant facility at Udaipur. Working on new age chemistry, it has carried out synthesis and development of molecules in the fields of Agrochemicals, Fine Chemicals, Speciality Chemicals and Photographic chemicals.

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

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

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

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

3. Imported Technology:

(a) The details of technology imported:

The Company has not imported any technology during the year.

(b) The year of import: Not Applicable

(c) Whether the technology has been fully absorbed:Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof: Not Applicable

4. Expenditure on R&D

(₹ In Cr.)

Particulars	Current year 2016-17	Previous year 2015-16
a. Capital Expenditure	53.04	60.34
b. Revenue Expenditure	34.65	21.17
c. Total	87.69	81.51
d. Total R&D expenditure as percentage of Revenue from Operations	3.68%	3.71%

(C). FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(₹ In Cr.)

Particulars	Current year 2016-17	Previous year 2015-16
Foreign Exchange Earned	1,384.04	1,241.53
Outgo of Foreign Exchange	593.72	603.98

On behalf of the Board of Director
For PI Industries Ltd.
Sd/-

Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May 16, 2017

Annexure - G

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

    - Your company lays special emphasis on enhancing the quality of life and economic well-being of communities around PI plant sites and small & marginal farmers over a period of time. The Thrust is on vocational training programs, agricultural skill development, preventive health care and sanitation, promotion of DSR and farm economics, community and rural development projects etc.
    - The CSR Policy has been framed for successful and sustainable implementation of CSR projects in concurrence with The Companies Act, 2013. A sustainable CSR plan and agenda is set for a time frame of 3-5 years.
    - The CSR Policy has been framed for successful and sustainable implementation of CSR projects in concurrence with The Companies Act, 2013. A sustainable CSR plan and agenda is set for a time frame of 3-5 years.
    - The CSR Policy as approved by Board of Directors is available on the company's website. Web Link - http://www.piindustries.com/corporate-social-responsibility.html.

2. **The Composition of the CSR Committee as on March 31, 2017.**

    CSR Committee Members comprised of following members as on March 31, 2017

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

3. **Average net profit of the company for last three financial years (Amount in Cr.): ₹ 347.08 Crores**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) (Amount in Cr.) : ₹ 6.95 Crores**

Details of CSR spent during the financial year.	
(a) Total amount spent for the F.Y.	₹ 5.33 Crore
(b) Amount unspent , if any	₹ 1.62 Crore
(c) Manner in which the amount spent in the table on the following page.	

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

    Your Company has contributed an amount of ₹6.95 Crores to PI Foundation (i.e. 2% of average net profit of 3 preceding financial years) for carrying out CSR activities. The Foundation has spent an amount of ₹ 5.33 Crores during the financial year 2016-17. The Foundation has not been able to spent entire amount, as few projects undertaken by implementing agency are ongoing basis and spread over a period of 2 to 3 years.

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

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

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

On behalf of the Board of Directors

For PI Industries Ltd.

	sd/-	**sd/-**
	Pravin K. Laheri	**Mayank Singhal**
Place : Gurugram	Chairman – CSR Committee	Managing Director & CEO
Date : May 16, 2017	DIN : 00499080	DIN : 00006651

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

(₹ in lacs)

S. No.	CSR Project or activity identified	Sector in which the project is covered	"Projects or Programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken"	Amount outlay (budget) project or programs wise in lacs	"Amount spent on the projects or programs in lacs (1) Direct Expenditure on projects or programs (2) Overheads"	Cumulative expen-diture up to the reporting period in lacs	Amount spent: Direct or through implementing agency
1	Environmental Sustainability	Conservation of Natural Resources, Promoting ecological balance and maintaining quality of Soil, Air and Water	• Sustainable Rice Production with Conservation of Natural Resources (PAU Punjab) • Awareness Creation amongst Farmers on Sustainable Rice Production from Transplanted to Direct Seeded Rice (RAU Pusa, Bihar) • Training Farmers on Water Conservation in Rice Production through Change in Method of Cultivation(UAS Raichur, Karnataka) • Water Conservation through Accelerating the Adoption of Direct Seedling of Rice (DSR) Technology in Madhya Pradesh • Awareness Creation amongst Farmers on Sustainable production of rice and vegetable crops in Khargaon, Madhya Pradesh • Income Generation Programme through SustainedAgriculture in Rayagada District of Orissa	36.28	36.28	36.28	Spent through PI Foundation / Implementing Agency
2	Education, Skill Development and Livelihood Enhancement Projects	Promoting Education and employment enhancing vocational skills and Livelihood Promotion of economically backward community	• Industry Orientation Agri Skill Development for Rural Youth in Telangana • PI-DDU Vocational Training Program on Chemical Plant Operators • Training in IT, Sales & Hospitality for rural underprivileged Youth in Jambusar • Prime Minister's Fellowship Scheme for Doctoral Research • Educational Scholarship • Education, Policy Research and Advocacy • Adoption of Primary Schools at Plant Locations - Jambusar & Panoli - Improving the school facilities and infrastructure. • Providing Supplementary Materials in surrounding schools at Plant Locations • Supporting Mobile Education Van Initiative at Ankleshwar Mobile Crop Clinic for Soil Testing, Crop Advisory, Crop demonstration, promotion of modern tools and technology in farming, weather forecasting Awareness and Training in Scientific Bee Keeping	348.00	323.00	323.00	Amount spent through PI Foundation / Implementing Agency

S. No.	CSR Project or activity identified	Sector in which the project is covered	"Projects or Programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken"	Amount outlay (budget) project or programs wise in lacs	"Amount spent on the projects or programs in lacs (1) Direct Expenditure on projects or programs (2) Overheads"	Cumulative expen-diture up to the reporting period in lacs	Amount spent: Direct or through implementing agency
3	Health, Hygiene and Sanitation	Promoting preventive health-care and Sanitation & making available safe drinking water.	• PI Foundation Swasthya Seva through 3 Mobile Medical Vans in 59 Villages of Jambusar • Construction of School Toilets in 11 Schools of Bharuch, Gujarat • School Sanitation Awareness & Behavioural Change programme in 11 schools of rural Bharuch, Gujarat • Up keeping and maintenance of School Toilets • Purified water supply to Villagers in North Karnataka, Andhra Pradesh and Bihar	134.40	134.40	134.40	Amount spent through PI Foundation / Implementing Agency
4	Women Empowerment	Promoting gender equality, empowering women for reducing inequality faced by socially and economically backward groups	• Empowerment of Women through access to credit, Skill Development & marketing support for dairy • Financial & Legal Literacy of Women	11.05	11.05	11.05	Amount spent through PI Foundation / Implementing Agency
5	Promotion of Rural Sports	Training to promote rural sports	Promotion of Rural Sports (through Annual Sports meet organized in the GIDC Ankleshwar)	2.50	2.50	2.50	Amount spent through PI Foundation / Implementing Agency
6	Training and Capacity Building of CSR Team and Administrative Expenses (5% of Actual CSR Exp)			25.36	25.36	25.36	-
	Total			**557.56**	**532.59**	**532.59**	

On behalf of the Board of Directors

For PI Industries Ltd.

Place : Gurugram Date : May 16, 2017	sd/- **Pravin K. Laheri** Chairman – CSR Committee DIN : 00499080	sd/- **Mayank Singhal** Managing Director & CEO DIN : 00006651

Corporate Governance Report

In compliance with Regulation 34(3) read with schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015"), your directors present the Corporate Governance Report for the year ended March 31, 2017.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarks itself against each such practice and ensures that company evolve and follow not just the stated corporate governance guidelines, but also global best practices.

At PI, Corporate Governance philosophy is enforced on the principles of adhering to strong value systems, integrity and fairness in all dealings and a strong commitment to objectivity in decision making. This is firmly established through high degree of transparency in disclosures and engagement across the organization and with all stakeholders.

In this pursuit, your Company continues to focus on its resources, strengths and strategies to achieve its vision of becoming a true global leader by adopting the philosophy of corporate governance in all its activities. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability etc. serve as the means for implementing the philosophy of corporate governance in letter and in spirit.

Your Company has complied with the guidelines on Corporate Governance as stipulated in Regulations 17-27of Listing Regulations, 2015, the disclosure requirements of which are given below:

2. BOARD OF DIRECTORS

Composition

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

As on March 31, 2017, the Board comprised of (7) seven directors, out of which (5) five are Non-Executive Directors and (2) two are Executive Directors including Managing Director & CEO and Whole-time Director. The Chairman of the Board is the Non-Executive Independent Director. Out of (5) five Non-Executive Directors, (4) four are Independent Directors (including (1) one woman Independent Director), constituting 70% of the Board strength, more than the requirements of the Companies Act, 2013 and the Listing Regulations, 2015

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

Name of Director & Designation	Category	No. of positions held in Other Companies		No. of Board Meetings Attended during FY 16-17	Presence at last AGM
		Board^	Committees^^ Member/ (Chairman)		
Mr. Salil Singhal, Chairman Emeritus(*) DIN 00006629	Executive & Non-Independent	NA	NA	2	NA
Mr. Narayan K. Seshadri, Chairman(#) DIN 00053563	Non-Executive & Independent	10	7(4)	5	Yes
Mr. Mayank Singhal, Managing Director & CEO DIN 00006651	Executive & Non-Independent	4	1(0)	5	Yes
Mr. Rajnish Sarna, Whole-time Director DIN 06429468	Executive & Non-Independent	3	2(0)	5	Yes
Mrs. Ramni Nirula, Director DIN 00015330	Non-Executive & Independent	10	10(4)	5	No
Mr. Ravi Narain, Director DIN 00062596	Non-Executive & Independent	9	7(0)	4	Yes
Mr. Pravin K. Laheri, Director DIN 00499080	Non-Executive & Independent	5	2(2)	5	No
Mr. Arvind Singhal, Additional Director (@) DIN 00092425	Non-Executive & Non-Independent	5	0(0)	3	NA
Dr Venkatrao S. Sohoni, Director (%) DIN 00012010	Non-Executive & Independent	NA	NA	2	No

* Mr. Salil Singhal on attaining the age of 70 years, has retired from the Board of the Company w.e.f. August 21, 2016.

#. Mr. Narayan K. Seshadri has been appointed as Non-Executive Chairman of the Board w.e.f. October 5, 2016.

@. Mr. Arvind Singhal has been appointed as an Additional Director on the Board of the Company w.e.f. October 5, 2016. Mr. Arvind Singhal is related to Mr. Mayank Singhal and Mr. Salil Singhal.

%. Dr Venkatrao S. Sohoni resigned from the Board of the Company w.e.f. September 14, 2016.

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

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

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

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

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

On the basis of the recommendation of Nomination and Remuneration Committee and Board, Independent Directors were appointed by the members of the company at the Annual General Meeting held in the year 2014 for a period of three (3) years and Board on the recommendation of Nomination and Remuneration Committee has proposed their re-appointment for a second term of five (5) years for shareholders' approval at forthcoming Annual General Meeting through passing of a special resolution in accordance with the provisions of Companies Act, 2013.

Procedure/Guidelines for Appointment of Directors

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

Board Meetings

The Board meets at regular intervals to review the performance of the Company. During the year under review, Five (5) Board Meetings were held on May 24, 2016, July 26, 2016, October 05, 2016, October 25, 2016 and February 14, 2017. The maximum gap between any two Board meetings was less than 120 days.

Board Procedure

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

Separate Meeting of Independent Directors

A separate meeting of Independent Directors was held on February 14, 2017 without the attendance of Non-Independent Directors and members of the Management as required under Schedule IV to the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, 2015. The Independent Directors:

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

  All Independent Directors attended the meeting.

Familiarization Programme for Independent Directors

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

Periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Quarterly updates on relevant statutory changes /important laws are regularly circulated to the Directors.

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

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

Board Evaluation

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

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

Evaluation of Directors was done keeping in view the various aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the Management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members.

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

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole.

3. COMMITTEES OF THE BOARD

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

i) Audit Committee
ii) Stakeholder's Relationship Committee
iii) Nomination & Remuneration Committee
iv) Corporate Social Responsibility Committee
v) Administrative Committee
vi) Management Advisory Committee

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

i) AUDIT COMMITTEE

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

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

Terms of reference

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(p) Review the management discussion and analysis of financial condition and results of operation.

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

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

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

Composition and attendance of the members of Audit Committee during the financial year 2016-17

The Audit Committee presently comprises of 3 members, out of which 2 members are Non-Executive Independent Directors and one is an Executive Director. The Chairman of the Committee is an Independent Director. All the members of the Audit Committee have accounting and financial management expertise.

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

During the financial year ended March 31, 2017, the Committee met Five (5) times on May 24, 2016, July 26, 2016, October 05, 2016, October 25, 2016 and February 14, 2017 and the gap between two meetings did not exceed 120 days in compliance with the listing regulations, 2015.

The Composition and Attendance record of the members of the Audit Committee for the financial year 2016-17 is as follows:

Name of Director	Category	Number of meetings during the financial year 2016 -17	
		Held	Attended
Mr. Narayan K. Seshadri, Chairman	Non-Executive & Independent Director	5	5
Mrs. Ramni Nirula Member	Non-Executive & Independent Director	5	5
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	5	5

The Chairman of the Audit Committee, Mr. Narayan K. Seshadri was present at the Annual General Meeting of the Company held on September 9, 2016.

ii) STAKEHOLDER'S RELATIONSHIP COMMITTEE

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

Terms of reference

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

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

Composition and Attendance of the members of Stakeholder's Relationship Committee during the financial year 2016-17

The Stakeholder's Relationship Committee presently comprises of 3 Directors of which 2 members are Executive Directors and one Non-Executive Independent Director, who is also nominated as Chairman of the committee. During the financial year ended March 31, 2017, the Committee met Five (5) times during the year on April 18, 2016, June 18, 2016, September 14, 2016, December 08, 2016 and March 09, 2017.

The Composition and Attendance record of the members of the Stakeholder's Relationship Committee for the financial year 2016-17 is as follows:

Name of Director	Category	Number of meetings during the financial year 2016 -17	
		Held	Attended
Mr. Pravin K. Laheri* Chairman	Non-Executive & Independent Director	2	2
Mrs. Ramni Nirula** Chairman	Non-Executive & Independent Director	3	1
Mr. Mayank Singhal Member	Executive & Non-Independent Director	5	5
Mr. Salil Singhal^ Member	Executive & Non-Independent Director	2	2
Mr. Rajnish Sarna # Member	Executive & Non-Independent Director	3	3

Notes:-

* Mr. Pravin K. Laheri has been inducted as Member of the Committee w.e.f. October 05, 2016 and designated as Chairman of the Committee.

** Mrs. Ramni Nirula ceased to be a Member cum Chairman of the committee w.e.f October 05, 2016.

^ Mr. Salil Singhal ceased to be a member of the committee w.e.f July 26, 2016.

\# Mr. Rajnish Sarna has been inducted as Member w.e.f. July 26, 2016.

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

During the year, the Company received 209 communications including 29 complaints for issues e.g. non-receipt of Dividend Warrants / Share Certificates, Annual Reports, queries/requests for change of address, correction in the name, issue of duplicate certificates/deletion of joint name due to death, transmission of shares etc. which were duly attended and no complaint is pending as on March 31, 2017.

iii NOMINATION & REMUNERATION COMMITTEE

Terms of Reference

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

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

b) Devising a policy on Board diversity.

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

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

e) Administering the stock options scheme of the Company.

f) Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

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

i) Induction process for new Director.

j) Review succession planning for key roles.

Remuneration Policy

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

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

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

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

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

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

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

Remuneration for Managing Director/Whole-time Director/ KMP

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

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

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

Composition and attendance of the members of Nomination and Remuneration Committee during the financial year 2016-17

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

During the financial year ended March 31, 2017, the Committee met four (4) times on May 24, 2016, July 26, 2016, October 05, 2016 and October 25, 2016.

The Composition and Attendance record of the members of the Nomination & Remuneration Committee for the financial year 2016-17 is as follows:

Name of Director	Category	Number of meetings during the financial year 2016 -17	
		Held	Attended
Mrs. Ramni Nirula* Member/Chairman	Non-Executive & Independent Director	4	4
Mr. Narayan K. Seshadri Member/Chairman	Non-Executive & Independent Director	4	4
Mr. Pravin K. Laheri** Member	Non-Executive & Independent Director	2	2
Dr Venkatrao S. Sohoni^ Member	Non- Executive & Independent Director	2	2

Notes:-

The Nomination and Remuneration Committee was reconstituted by Board on October 5, 2016.

* Mrs. Ramni Nirula has been appointed as Chairperson in place of Mr. Narayan K. Seshadri w.e.f. October 05, 2016.

** Mr. Pravin K. Laheri has been inducted as a member of the Committee w.e.f. October 05, 2016.

^ Dr. Venkatrao S. Sohoni resigned from the Board w.e.f. September 14, 2016 and ceased to be a member of the Committee.

iv) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

Terms of Reference:

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

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

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

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

The CSR Committee presently comprises of 4 members, out of which 2 members are Non-Executive Independent Directors. The Chairman of the CSR Committee is a Non-Executive Independent Director. The Committee met twice during the financial year ended March 31, 2017 on May 24, 2016 and Feb 14, 2017 respectively.

The Composition and Attendance record of the members of the CSR Committee for the financial year 2016-17 is as follows:

Name of Director	Category	Number of meetings during the financial year 2016 -17	
		Held	Attended
Mr. Salil Singhal(*) Chairman	Executive & Non-Independent Director	1	1
Mr. Pravin K. Laheri(**) Member/Chairman	Non- Executive & Independent Director	2	2
Mr. Mayank Singhal Member	Executive & Non- Independent Director	2	2
Mr. Rajnish Sarna Member	Executive & Non- Independent Director	2	2
Mrs. Ramni NIrula Member	Non- Executive & Independent Director	2	2

Notes:-

The Committee was reconstituted on July 26, 2016 as follows:-

* Mr. Salil Singhal ceased to be the Chairman of the Committee w.e.f. July 26, 2016

** Mr. Pravin K. Laheri has been appointed as Chairman of the Committee w.e.f. July 26, 2016.

v) **ADMINISTRATIVE COMMITTEE**

Terms of reference

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

Composition and Attendance of the members of Administrative Committee during the financial year 2016-17

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

During the financial year ended March 31, 2017, the Committee met five (5) times on April 19, 2016, May 30, 2016, September 10, 2016, October 20, 2016 and December 5, 2016.

The Composition and Attendance record of the members of the Administrative Committee for the financial year 2016-17 is as follows:

Name of Director	Category	Number of meetings during the financial year 2016 -17	
		Held	Attended
Mr. Salil Singhal(*) Chairman	Executive & Non-Independent Director	2	2
Mr. Mayank Singhal(**) Member/Chairman	Executive and Non- Independent Director	5	5
Mr. Rajnish Sarna Member	Executive & Non- Independent Director	5	5
Mrs. Ramni NIrula(^) Member	Non- Executive & Independent Director	2	0

Notes:-

The Committee was re-constituted by the Board of Directors at their meeting held on July 26, 2016 and on October 05, 2016 respectively.

* Mr. Salil Singhal ceased to be the Member cum Chairman of the Committee w.e.f. July 26, 2016

** Mr. Mayank Singhal has been elected as Chairman of the Committee w.e.f. July 26, 2016

^ Mrs. Ramni Nirula has been inducted as a Member of the Company w.e.f. October 05, 2016.

vi) **MANAGEMENT ADVISORY COMMITTEE**

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

Terms of reference

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

- Strategies & other initiatives with the company stated vision, mission and goals, business performance, Enterprise Risk, key corporate actions & policy matters.

b. To recommend for Board approval

- Corporate financial objectives, strategic business and annual plans, capital allocations and expenditures, Capital structuring, fund raising, investor relations, Strategic alliances and Mergers & Acquisitions.

Composition and attendance of members of Management Advisory Committee during the financial year 2016-17 is as follows:-

Management Advisory Committee presently comprises of four directors, two of whom are Independent Directors. During the financial year ended March 31, 2017, the Committee met four (4) times on May 23, 2016, July 27, 2016, October 24, 2016 and February 15, 2017.

The Composition and Attendance record of the Management Advisory Committee membersfor the financial year 2016-17 is as follows:

Name of Director/ Position held in Committee	Category	Number of meetings during the financial year 2016 -17	
		Held	Attended
Mr. Salil Singhal(*) Chairman	Executive & Non-Independent Director	2	2
Mr. Mayank Singhal(**) Member/Chairman	Executive & Non-Independent Director	4	4
Mr. Narayan K. Seshadri	Non-Executive & Independent Director	4	4
Mr. Rajnish Sarna Member	Executive & Non-Independent Director	4	4
Mr. Ravi Narain(^) Member	Non-Executive & Independent Director	2	2
Dr Venkatrao S. Sohoni(#) Member	Non- Executive & Independent Director	2	2

Notes:-

The Committee was re-constituted by the Board of Directors twice on July 26, 2016 and October 5, 2016 respectively.

* Mr. Salil Singhal, Chairman of the Committee ceased to be the Chairman and member w.e.f. July 26, 2016.

** Mr. Mayank Singhal was elected as Chairman of the Committee w.e.f October 05, 2016.

^ Mr. Ravi Narain has been inducted as a Member of the Committee w.e.f. October 05, 2016.

Dr. Venkatrao S. Sohoni, ceased to be a member w.e.f September 14, 2016.

4. DIRECTOR'S REMUNERATION

i Remuneration paid to Executive Director(s).

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

Details of remuneration paid to the Executive Directors during the financial year 2016-17 are as follows: **(₹/Lacs)**

Name of Director	Salary	Perquisites	Retiral Benefits	Comm.@
Mr. Salil Singhal(*) Chairman Emeritus	77.42	77.42	424.94(*)	NIL
Mr. Mayank Singhal Managing Director & CEO	225.00	225.00	28.50	400.00
Mr. Rajnish Sarna Whole-time Director	150.00	150.00	18.00	225.00

Notes:-

- * Mr. Salil Singhal ceased to be the Chairman and Managing Director of the Company w.e.f. August 21, 2016, in view of his retirement at the age of 70 years and has accepted to be designated as Chairman Emeritus as requested by Board of Directors. Remuneration to Mr. Salil Singhal includes the leave encashment & gratuity given on retirement.
- @ Commission payable for FY 2016-17
- a) Remuneration mentioned above excludes gratuity and leave encashment.
- b) Mr. Rajnish Sarna holds 2,20,545 equity shares of the company as on March 31, 2017.
- c) Mr. Salil Singhal and Mr. Mayank Singhal are related to each other.
- d) Mr. Mayank Singhal holds 3,20,28,510 equity shares of the company as on March 31, 2017.

ii. Remuneration to Non-Executive Directors

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

The details of sitting fees and commission paid to the Non-Executive Directors for year ended March 31, 2017 and No. of equity shares held by them as on March 31, 2017 are as under:

Name of Director	Sitting Fees (₹)	Comm-ission@ (₹)	No. of Equity Shares held
Mr. Narayan K. Seshadri	4,75,000	30,00,000	7,64,013
Mr. Pravin K. Laheri	3,00,000	20,00,000	-
Mrs. Ramni Nirula	4,50,000	20,00,000	-
Dr Venkatrao S. Sohoni(*)	1,50,000	-	-
Mr. Ravi Narain	1,75,000	20,00,000	-
Mr. Arvind Singhal(**)	75,000	10,00,000	-

- * Dr. Venkatrao S. Sohoni ceased to be a Director on the board w.e.f. September 14, 2016.
- ** Mr. Arvind Singhal has been appointed as an Additional Director on the Board of the Company w.e.f. October 5, 2016.
- @ Commission payable for FY 2016-17.

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

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

5. CODE OF CONDUCT

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

6. PROHIBITION OF INSIDER TRADING

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

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

Ms. Jayashree Satagopan has been nominated as Chief Investor Relations Officer (CIRO) under the aforesaid code.

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

7. OTHER DISCLOSURES

a) Related Party Transactions during the year under review

There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company. Further, details of the related party transactions are given in the Balance Sheet in the Note No. 36. The policy on dealing with Related Party Transactions is available on Company's website at following link: http://www.piindustries.com/sites/default/files/RPT%20 Policy_PI.pdf

b) No Penalties, Strictures imposed

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

c) Dematerialisation and Liquidity

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

Percentage of shares held in physical and dematerialised form as on March 31, 2017 is as follows:-

Physical Form	:	0.55%
Electronic Form with NSDL	:	97.20%
Electronic Form with CDSL	:	2.25%

d) Disclosure of Accounting Treatment

The financial statements have been prepared in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS).

Up to the year 31st March, 2016, the Company prepared its financial statements in accordance with generally accepted accounting principles in India, including accounting standards read with Section 133 of the Act notified under the Companies (Accounting Standards) Rules, 2006 ('Previous GAAP). Financial statements for the year ended March 31, 2016 have been restated to conform to Ind AS. These are the Company's first Ind AS Financial Statements.

e) Policy for determining Material Subsidiary

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

f) Risk Management

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

g) Commodity Price Risk and Commodity Hedging Activities

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

Details of foreign exchange exposure are disclosed in Note No. 38 of Financial Statements for the year ended March 31, 2017.

h) Management Discussion and Analysis

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

i) Compliances

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

This Corporate Governance Report of the Company for the year ended March 31, 2017 is in compliance with the requirements of Part C of Schedule V of Listing Regulations, 2015.

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

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

(ii) **Shareholder Rights:** Half yearly and other quarterly financial statements including summary of the significant events in the last six/three months are published in newspapers, uploaded on the Company's website http://www.piindustries.com/investor-relations.html/financial-results.html

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

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

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

8. General Body Meetings

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

Date/Venue	Time	Type of Meeting
September 9, 2016 P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Madri, Udaipur – 313 001	10.00 A.M	Annual
September 15, 2015 Regd. Office : Udaisagar Road, Udaipur – 313001	11.45 A.M	Annual
September 10, 2014 Regd. Office : Udaisagar Road, Udaipur – 313001	11.30 A.M	Annual

ii. Special resolutions passed during last 3 AGMs

Date of AGM	Subject matter of Special Resolutions passed
September 9, 2016	Nil
September 15, 2015	Nil
September 10, 2014	Commission to Non-Executive Directors for a sum not exceeding 1% per annum of the net profit of the Company for a period of 5 years w.e.f. April 1, 2014.

9. Postal Ballot

During the previous year, the Company approached the shareholders through postal ballot for appointment of Mr. Salil Singhal as an Advisor to the Company. The details of the postal ballot are as follows:

Date of Postal Ballot Notice: March 28, 2017	Voting period: April 04, 2017 to May 03, 2017
Date of declaration of result: May 04, 2017	Date of approval : May 04, 2017

The result/details of the E-voting together with that of the Postal Ballot is as under:

Type of Resolution: Ordinary Resolution u/s 188(1)(f) of the Companies Act, 2013 for appointment of Mr. Salil Singhal as an Advisor.

Type of Voting	Votes in favour of the Resolution		Votes against the resolution		Invalid Votes	
	Nos.	%age	Nos.	%age	Nos.	%age
E-voting	4,37,49,755	99.99	1,386	0.01	Nil	Nil
Postal Ballot	1,18,111	99.94	62	0.06	Nil	Nil
Total	**4,38,67,866**	**99.99**	**1,448**	**0.01**	**Nil**	**Nil**

Mr Ashish K. Friends was appointed as Scrutinizer for the postal ballot exercise.

Procedure for postal ballot

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, the Company provided electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company engaged the services of NSDL. Postal ballot notices and forms were dispatched, along with postage-prepaid business reply envelopes to registered members / beneficiaries. The notice of postal ballot was sent by email to members who have opted for receiving communication through the electronic mode. The Company also published a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules. Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members who wanted to exercise their votes by physical postal ballot were requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option were requested to vote before the close of business hours on the last date of e-voting. The scrutinizer completed his scrutiny and submitted his report to the Chairman, and the consolidated results of the voting were announced by the Chairman. The results are also displayed on the Company website, www.piindustries.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. As required under Listing Regulations, 2015 read with relevant provisions of Companies Act, 2013, all persons belonging to promoter group, being a related party abstained from voting on the resolution as contained in Postal Ballot.

10. Means of Communication

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

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

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

The Annual Report containing, inter alia, Audited Financial Statement, Consolidated Financial Statements, Board Report, Auditors' Report is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website.

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

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

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

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

12. Whistle Blower Policy

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

13. GENERAL SHAREHOLDER INFORMATION

i. CONTACT INFORMATION

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

Research & Manufacturing Facilities

Udaisagar Road, Udaipur - 313 001 Rajasthan

Plot No.237, GIDC, Panoli, Ankleshwar-394 116 Bharuch, Gujarat

Plot No. SPM 28 Sterling SEZ, Village Sarod Jambusar-392 180 Bharuch, Gujarat

Plot No. 3133 to 3139, 3330 to 3351, 3231 to 3245 & 3517 to 3524 plus Garden, GIDC Panoli, Taluka, Ankleshwar Distt. Bharuch, Gujarat

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

Mr. Naresh Kapoor, Company Secretary,
5th Floor, Vipul Square, B- Block Sushant Lok, Phase – I,
Gurugram – 122009, Haryana, India.
Phone No: 0124-6790000;
Email ID: naresh.kapoor@piind.com

iii. Annual General Meeting

Date	September 06, 2017
Time	10.00 am
Venue	P.P. Singhal Memorial Hall, Udaipur Chamber of Commerce and Industry, Madri, Udaipur – 313 001 Rajasthan (India)

iv. Financial Calendar

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

The tentative calendar for declaration of financial results in financial year 2017-18 is as follows:

Unaudited Financial Results for the Qtr. ending June, 2017	on or before August 14, 2017
Unaudited Financial Results for the Qtr. ending September, 2017	October 25, 2017
Unaudited Financial Results for the Qtr. ending December, 2017	February 14, 2018
Audited Financial Results for the year ending 31st March, 2018.	Before the end of May, 2018
Annual General Meeting for the year.	On or Before September, 2018

v. Book Closure Date

The dates of book closure are from September 01, 2017 to September 06, 2017 (both days inclusive)

vi. Dividend

During the year, the Board of Directors of the Company has declared interim dividend of 150% in its Board Meeting held on October 25, 2016 on 13,75,86,624 equity shares of Re.1/- each which was paid on November 22, 2016. In addition to same, the Board has recommended a final dividend of 250% i.e ₹ 2.50 per equity share thereby taking total dividend to ₹ 4 per equity share.Final dividend, if approved by shareholders shall be paid to those shareholders who holds equity shares of the company as on September 01, 2017.

vii. Stock Exchange Listing

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

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

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

viii. Stock Market Price data

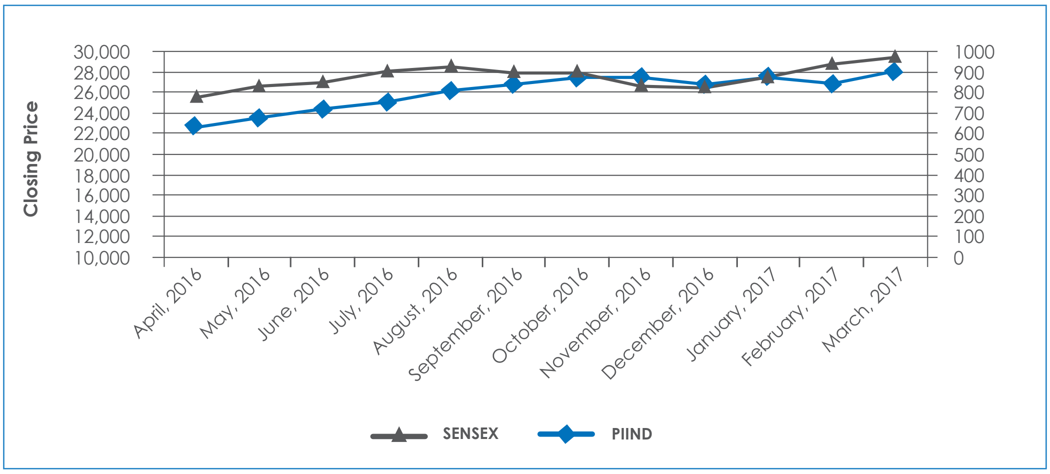
The monthly high and low of the market price of the equity shares of the Company for the year ended March 31, 2017 at BSE Limited and National Stock Exchange of India Ltd. were as under:

(Amount in ₹/share)

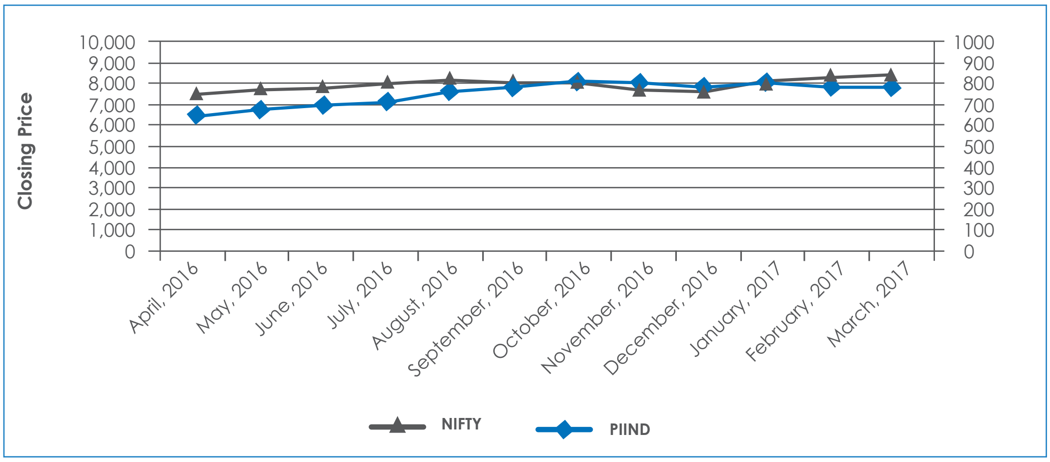
Month	BSE		NSE		NIFTY	SENSEX
	High	Low	High	Low	Closing high	Closing high
April, 2016	691.50	553.00	693.25	552.00	7,849.80	25,606.62
May, 2016	690.00	592.00	689.90	591.60	8,160.10	26,667.96
June, 2016	729.70	655.00	730.90	650.00	8,287.75	26,999.72
July, 2016	786.80	695.00	787.00	696.00	8,638.50	28,051.86
August, 2016	828.10	760.00	828.70	760.50	8,786.20	28,452.17
September, 2016	878.00	760.00	878.95	752.30	8,611.15	27,865.96
October, 2016	892.55	781.60	892.30	780.00	8,625.70	27,930.21
November, 2016	921.85	734.05	921.80	726.65	8,224.50	26,652.81
December, 2016	875.00	787.50	876.40	792.65	8,185.80	26,626.46
January, 2017	927.45	808.50	924.00	806.00	8,561.30	27,655.96
February, 2017	950.10	845.65	963.95	847.00	8,879.60	28,743.32
March, 2017	924.90	812.00	914.70	810.25	9173.75	29,518.74

(Source: NSE/BSE website)

PERFORMANCE OF COMPANY SHARES VS BSE SENSEX



PERFORMANCE OF COMPANY SHARES VS NIFTY



ix. Registrar and Transfer Agents

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

Contact Person: Ms. Shobha Anand
Email: einward.ris@karvy.com
Tel: 040-67162222
Fax: 040-23001153

Share Transfer Mechanism

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

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

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

x. Distribution of Shareholdings (As on March 31, 2017)

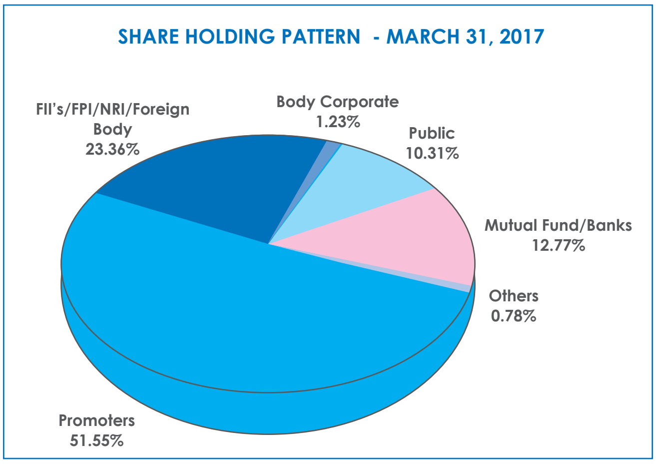
Shareholding of Nominal value of	Shareholders		Share Capital (Amount)	
	No.	% to total	In (₹)	% to total
upto 5000	26,895	97.85	80,21,593.00	5.83
5001 - 10000	257	0.94	18,09,249.00	1.31
10001 - 20000	142	0.52	19,94,931.00	1.45
20001 - 30000	39	0.14	9,43,002.00	0.69
30001 - 40000	23	0.08	8,09,776.00	0.59
40001 - 50000	9	0.03	4,18,037.00	0.30
50001 - 100000	35	0.13	26,28,505.00	1.91
100001 & above	85	0.31	12,09,61,531.00	87.92
Total	**27,485**	**100.00**	**13,75,86,624.00**	**100.00**

xi. Demat Status (As on March 31, 2017)

Mode	No. of shareholders	No. of shares	%
Demat	27,253	13,68,30,776	99.45
Physical	232	7,55,848	0.55
Total	**27,485**	**13,75,86,624**	**100.00**

xii. Categories of Shareholders (As on March 31, 2017)

S. No.	Category	No. of shareholder	No. of shares held	Voting strength (%)
1	Promoters	10	7,09,20,110	51.55
2	Mutual Funds/Banks	77	1,75,74,181	12.77
3	Indian Bodies Corporate	816	16,87,934	1.23
4	FII's/FVCP/NRI/Foreign Bodies	1,305	3,21,45,594	23.36
5	Indian Public	25,224	1,41,88,099	10.31
6	Others – (Clearing members etc)	53	10,70,706	0.78
Total		**27,485**	**13,75,86,624**	**100.00**



xiii. Web-based Redressal System for Investor Grievance

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

xiv. Unclaimed Dividend

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 9, 2016 (date of last Annual General Meeting) on the Company's website and on the website of the Ministry of Corporate Affairs. The weblink for the same is http://www.piindustries.com/Media/Documents/Unpaid%20Div%20 9_9_16%20Portal.pdf

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

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

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

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

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

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

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

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

xvi. Managing Director & CEO and CFO Certification

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

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

xvii. Auditor's Certificate

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

On behalf of the Board of Directors

For PI Industries Ltd.
Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

Place: Gurugram
Date: May16, 2017

To,
The Members
PI Industries Limited
Udaipur

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

This is to certify that pursuant to the Regulation 17(5) and Clause D of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct has been laid down for all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed compliance with the Company's code of conduct for the year ended March 31, 2017.

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

Place: Gurugram
Date: May 16, 2017

CEO and CFO Certificate

To,
The Members
PI Industries Limited
Udaipur

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

A. We have reviewed the financial statements including the cash flow statement (standalone and consolidated) for the financial year ended March 31, 2017 and that these statements:

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

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

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

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

D. We further certify that:

   - there have been no significant changes in internal control during the aforesaid period.
   - the Company has complied with new accounting standard, IND-AS, applicable from April 1, 2016.
   - there has been an instance of fraud on the Company, during the quarter ended March 2017. However, there have been no other instance of significant fraud of which, we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Gurugram
Date: May 16, 2017

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Independent Auditor's Certificate on Corporate Governance

To The Members of

PI INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **PI INDUSTRIES LIMITED ("the Company")** for the year ended 31st March, 2017, as stipulated in Regulations 17-27 and clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility

The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the terms and conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2017.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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.

Restriction on use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Yogesh K. Gupta
Partner
Membership No.: 093214

Place: Gurugram
Dated: May 16, 2017

Business Responsibility Report

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

Introduction

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	L24211RJ1946PLC000469
2.	**Name of the Company**	PI INDUSTRIES LTD.
3.	**Registered address**	Udaisagar Road, Udaipur-313001, Rajasthan
4.	**Website**	www.piindustries.com
5.	**E-mail id**	corporate@piind.com
6.	**Financial Year reported**	2016-2017

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

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

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

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

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

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

   i) Number of International Locations:

   The Companyhas three offices located in Japan, China & Germany.

   ii) Number of National Locations:

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

10. **Markets served by the Company**

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	**Paid up Capital (INR)**	₹ 3,75,86,624
2.	**Total Turnover (INR)**	₹ 2,382.94 Crores
3.	**Total profit after taxes (INR)**	₹ 454.4 Crores
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	₹ 5.33Crores (1.17% of PAT)

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

   a. Water
   b. Education
   c. Skill Development
   d. LIvelihood
   e. Health
   f. Hygiene & Sanitation

   For details, kindly refer to Principle 8, Section E

SECTION C: OTHER DETAILS

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

   Yes, the Company has 3 subsidiaries.

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

   Subsidiary companies are closely integrated with BRR initiatives of PI.

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

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

SECTION D: BR INFORMATION

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

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

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

b. **Details of the BR head**

S. No.	Particulars	Details
1	DIN Number (if applicable)	N.A
2	Name	Ms. Jayashree Satagopan
3	Designation	Chief Financial Officer
4	Telephone number	+91 124 6790000
5	E-mail ID	jayashree.satagopan@piind.com

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

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

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

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

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

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

P5 Businesses should respect and promote human rights.

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

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

P8 Businesses should support inclusive growth and equitable development.

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

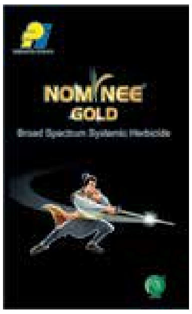
   The Company has not received any complaint from any stakeholder in last financial year relevant to this principle.

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

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

   The three products are:

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



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

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

   Major benefits of BIOVITA include:-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company has always encouraged local manufacturers, traders and contractors for materials and services required for its plant operations. Under the Company's outsourcing strategy, the Company has identified local & small manufacturers located in vicinity of its plants and has promoted skill development. The Company has initiated the task of developing them for manufacturing of intermediates (Chemicals) by extending technological know-how to them and also supporting them during the stabilisation of manufacturing process.

Dedicated efforts are undertaken in the field of Skill development. The following are some of the initiatives:

- Conducting vocational training program for chemical plant operators at Dharmsinh Desai University (DDU), Nadiad, Gujarat, wherein students who completed the course were placed in the industry.
- Skill Training programme for underprivileged youth in 59 villages around Jambusar in Bharuch region of Gujarat.
- Providing specially designed agri-skill development training on Agri Extension and Agri Input Marketing consisting of Practical and Theory Residential Course in Andhra Pradesh, Telengana, Karnataka.

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

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

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

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

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

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

1.	Total number of employees.	2013
2.	Total number of employees hired on temporary/contractual/casual basis.	229
3.	Number of permanent women employees.	49
4.	Number of permanent employees with disabilities	20

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

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

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

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

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

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

- Permanent Employees
- Permanent Women Employees

- Casual/Temporary/Contractual Employees
- Employees with Disabilities

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

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

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

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

   Yes, the Company mapped its internal and external stakeholders.

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

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

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

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

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

Principle 5 - Businesses should respect and promote human rights.

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

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

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

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

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

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

   PI has a well defined Environment, Health and Safety (EHS) Policy in place to motivate its employees to minimize the Company's environmental impacts. The policy is also communicated to all the stakeholders of the Company.

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

   Yes, PI Industries is a responsible corporate committed towards addressing global environmental issues like climate change, global warming both within and beyond our sphere of influence has strategies in place and has taken initiatives to etc.

   a. The Company has recently adopted its Climate Change Policy to continuously monitor its carbon footprint.

   b. The Company monitors its energy consumption and strives to continuously reduce its carbon emissions.

   c. Installation of roof top solar power setups is planned with a target to achieve ~25% of electricity requirements from renewable source].

   d. The Company encourages tree plantation activities at its manufacturing facilities.

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

   Yes, the Company by way of it EHS policy commits to continuously work to reduce adverse environmental impacts. Before setting up its facilities, identifies and assesses potential Environmental risks by carrying out Environmental Impact Assessment.

   Company has all its manufacturing facilities certified for ISO 14001, Environment Management System (EMS) Standard.

   As part of EMS implementation, potential environmental risks are identified and appropriate mitigation strategies to reduce such risks are put in place.

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

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

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

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

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

   B. The Company has installed a roof top solar plant which meets the lighting requirements for the Administration Building

   C. The Company has installed LED lights in its premises and in furtherance of its objective to save power consumption, the Company plans to replace all old lights with LED lights.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, all manufacturing plants comply with the prescribed permissible limits for air emissions, effluent quality and discharge, solid and hazardous waste generation and disposal as per their regulatory consents/ authorizations.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   The Company has not received any show cause/ legal notices from CPCB/SPCB during the financial year.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company is the member of:-

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

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas**

   Yes, the Company has been a member in the above institutions for almost two decades and has actively participated and advocated through the above associations. The Company has also played a part in suggesting reasonable amendments in various agriculture policies and has provided constructive feedback on various draft rules and regulations.

Principle 8 - Businesses should support inclusive growth and equitable development.

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company engages with the society through PI Foundation and community development initiatives that further the cause of inclusive development. These initiatives include:-

   1. **Water:-** Conservation of water through the use of Direct Seeded Rice Technology which has led to a 25-30% savings in costs related to energy, labour etc.
   2. **Education:-** Supporting 16 schools around company's plant for improving the enrolment, attendance, passing grades, and primary completion rates. This includes Provision of library books, maths kits, science kits, sports material, notebooks and stationeries in government schools. The Company has also initiated a "Mobile Education Van" project which provides joyful teaching techniques to the teachers deployed in Baruch region.
   3. **Skill Development:-** Increasing the employability of science graduates/ from economically weaker sections of the society through specially designed vocational training course on chemical engineering concepts and employment linked skill training programme for underprivileged youth.
   4. **Livelihood Creation and Women Empowerment Programmes:-** Improving the well-being of women members and their families by providing them enhanced access to credit, bank linkages, skill development opportunities and strengthening their traditional livelihood sources
   5. **Health:-** Access to preventive health care and equitable distribution of health services by deploying Mobile Health care vans which provide health care services like treatment, immunization & counselling for health issues.
   6. **Hygiene & Sanitation:-** Construction of toilets in schools. Awareness and behavior change programmes providing training regarding health and hygiene covering school children, their parents and communities in the nearby villages. Initiatives have also been made to provide purified water to villagers in order to mitigate the challenges of safe drinking water.

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

   Programmes are undertaken through PI Foundation. The foundation works with various external agencies for engaging with various communities.

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

   We review our internal assessment systems and projects from time to time. Impact assessment is proposed every three years after the inception of the programme.

4. **What is your Company's direct contribution to community development projects Amount in INR and the details of the projects undertaken?**

   During the financial year 2016-17, the company has contributed an amount of Rs.5.33 Cr. towards community development projects. For details of the projects undertaken, refer the projects listed in the CSR report forming part of the Board Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes, the Company has taken steps to ensure that their CSR programmes are adopted by the community. The Company continuously works with various external agencies in engaging with communities:-

   a) Under the National Health Mission Project, "Swasthya Seva" was initiated which aimed at improving the health entitlements to the villagers in remote villages of Jambusar and Panoli with the help of 3 Mobile Health units by providing services like prevention, treatment, immunization & counselling for health issues. In order to ensure successful adoption of these initiatives, the village development communities have been empowered to decide the timing, location and eligibility to access these services. As a result of this combined effort of the Company and the village communities, tremendous success has been achieved in administering vaccinations against diseases such as Polio, TB and DPT. Apart from this, there has been a decline of approximately 70% in the primary health ailments caused due to unhygienic health conditions.

b) Under "Swaccha Bharat Mission",construction of household toilets and school toilets have been undertaken in the vicinity of the Company's plants to spread awareness regarding the importance of health and hygiene. Awareness and behavior change programmes were also conducted providing training regarding health and hygiene to school children, their parents and the people in nearby villages. A village committee is also formed among villagers to ensure participative management in the upkeep and maintenance of these toilets.

c) Under the "Women Empowerment" programme,initiatives were taken to improve the well-being of women members and their families. As a result of these efforts, rural women have been provided with enhanced access to credit, bank linkages, and skill development opportunities thereby strengthening their traditional livelihood sources. Successful adoption of these initiatives was evidenced by small businesses set up by the women and Self Help Groups who availed such finance thereby ensuring a stable source of income. Also, timely repayment of petty loans provided to women under the group lending arrangement made this project an even bigger success story.

Principle 9- Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

As on March 31, 2017, 14 consumer cases were pending before the various forums .

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)

The Company displays what is required as per the regulatory requirements. The Company complies with the requirements of the Insecticides Act, 1968, Insecticides Rules, 1971 and Legal Metrology Act, 2009.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No complaints have been received by the Company under the aforementioned heads during five years.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Customer feedback survey is carried out on a yearly basis by the Quality Assurance Team for Company's exports business.

Independent Auditors' Report

To
The Members
PI Industries Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **PI INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss(financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of thestandalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether thestandalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements.The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standaloneInd AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in Indiaincluding the Ind AS, of the state of affairs(financial position) of the Company as at March 31, 2017, and its profit(financial performance including other comprehensive income),its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 34 to the Standalone Ind AS financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long term derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016, on the basis of information available with the Company. Based on the audit procedure, and relying on management's representation, we report that disclosures are in accordance with the books of accounts maintained by the company. Refer note 8(e) of the standalone Ind AS financial statements.

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Yogesh K. Gupta
Partner
Membership No.: 093214

Place : Gurugram
Dated : May 16, 2017

"Annexure A" to the Independent Auditors' Report

The Annexure as referred in paragraph (1) 'Report on Other Legal and Regulatory Requirements of our Independent Auditors' Report to the members of PI INDUSTRIES LIMITED on the standalone financial statements for the year ended March 31, 2017, we report that:

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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. We have been explained by the management that the inventory have been physically verified at reasonable intervals during the year. As far as we could ascertain and according to information and explanations given to us, no material discrepancies were noticed between the physical stock and the book records.

iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, the Company has complied with the provisions of section 185 and section 186 of the Companies Act, 2013 with respect to the loans, investments, guarantees and security provided.

v. According to the information and explanations given to us, during the year the Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company.

vi. 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 sub-section 1 of Section 148 of the Companies Act, 2013, 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.

vii. (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, sales-tax, income tax, service tax, custom duty, excise duty, value added tax, cess and any other material statutory dues with the appropriate authorities to the extent applicable and further, there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at March 31, 2017.

(b) According to the records and information and explanations given to us, there are no dues in respect of income tax, sales tax, service tax, duty of excise, duty of custom, or value added tax which have not been deposited on account of any dispute except as given below:

Nature of Statute	Nature of Dues	Period (F.Y.)	Amount (Excluding interest)* (₹ in Lacs)	Forum where pending
Assam Value Added Tax Act	VAT	2007-08	1.12	Joint Commissioner Guwahati
Andhra Pradesh Value Added Tax Act	VAT	2009-10	0.65	Telangana VAT Tribunal
Andhra Pradesh Value Added Tax Act	VAT	2010-11	2.39	Telangana VAT Tribunal
Andhra Pradesh Value Added Tax Act	VAT	2011-12	4.31	Telangana VAT Tribunal
Income Tax Act	Income Tax	Assessment Year 2009-10	243.06	Appellate Tribunal
Income Tax Act	Income Tax	Assessment Year 2010-11	293.36	Appellate Tribunal
Income Tax Act	Income Tax	Assessment Year 2011-12	153.03	Appellate Tribunal
Income Tax Act	Income Tax	Assessment Year 2012-13	246.11	Appellate Tribunal
Income Tax Act	Income Tax	Assessment Year 2013-14	173.55	Commissioner of Income Tax (Appeal)

Nature of Statute	Nature of Dues	Period (F.Y.)	Amount (Excluding interest)* (₹ in Lacs)	Forum where pending
Income Tax Act	Income Tax	Assessment Year 2014-15	279.92	Commissioner of Income Tax (Appeal)
Central Excise Act	Excise Duty	1987—88	44.92	** Rajasthan High Court
Central Excise Act	Cenvat Credit	April,2008 to February,2011	19.93	Customs, Excise & service tax Appellate Tribunal.
Central Excise Act	Cenvat Credit	July ,2007 to February,2008	21.44	Customs, Excise & service tax Appellate Tribunal
Central Excise Act	Cenvat Credit	March,2011 to June,2013	159.17	Customs, Excise &service tax Appellate Tribunal.
Central Excise Act	Cenvat Credit	February 2007 to March 2009	12.11	Appellate Tribunal.
Central Excise Act	Cenvat Credit	December 2007 to January 2009	50.29	Appellate Tribunal.
Custom Act	Custom Duty	2008	772.10	Customs, Excise & service tax Appellate Tribunal.

* Amount shown is net of amounts already deposited on appeal

** Fixed deposit receipt lodged with Rajasthan Excise Department.

viii. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loan or borrowing to any banks. The Company has not obtained any loans from debenture holders, financial institution and government.

ix. According to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. The term loans have been applied for the purpose for which they were raised.

x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, 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.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the record of the company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.

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

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Yogesh K. Gupta
Partner
Membership No.: 093214

Place : Gurugram
Dated : May 16, 2017

"Annexure B" to the Independent Auditor's Report

of even date on the Standalone Ind AS Financial Statements of PI INDUSTRIES LIMITED.

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

We have audited the internal financial controls over financial reporting of **PI INDUSTRIES LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Yogesh K. Gupta
Partner
Membership No.: 093214

Place : Gurugram
Dated : May 16, 2017

Balance Sheet

as at March 31, 2017

(₹ in lacs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
I ASSETS				
1 Non-current Assets				
a Property, plant & equipment	4	93,540.14	86,687.82	52,591.00
b Capital work-in-progress	6	5,834.66	5,873.82	12,219.74
c Other intangible assets	5	740.58	485.05	311.08
d Intangible assets under development	6	1,897.18	1,256.31	1,104.30
e Financial assets				
(i) Investments	8(a)	149.10	149.10	149.10
(ii) Loans	8(c)	266.36	374.60	321.78
(iii) Other financial assets	8(g)	257.36	478.31	217.53
f Deferred tax assets (Net)	17	1,791.10	-	-
g Other non-current assets	10	3,207.08	3,808.66	5,681.57
Total non-current assets		**107,683.56**	**99,113.67**	**72,596.10**
2 Current Assets				
a Inventories	9	43,194.58	39,480.35	37,821.15
b Financial assets				
(i) Investments	8(b)	8,243.11	-	-
(ii) Trade receivables	8(d)	42,371.16	39,775.06	38,055.36
(iii) Cash and cash equivalents	8(e)	8,277.14	3,232.74	1,265.57
(iv) Bank balances other than (iii) above	8(f)	3,842.89	1,151.90	910.14
(v) Loans	8(c)	1,417.48	1,319.51	1,398.43
(vi) Other financial assets	8(g)	3,974.31	1,104.07	800.80
c Current Tax Assets (Net)	11	495.63	-	-
d Other current assets	10	8,806.48	8,312.77	8,625.54
Total current assets		**120,622.78**	**94,376.40**	**88,876.99**
Total assets		**228,306.34**	**193,490.07**	**161,473.09**
II EQUITY & LIABILITIES				
1 Equity				
a Equity share capital	12	1,375.87	1,371.27	1,365.76
b Other equity	13	159,510.86	114,095.61	88,853.30
Total equity		**160,886.73**	**115,466.88**	**90,219.06**
2 Non Current Liabilities				
a Financial liabilities				
(i) Borrowings	15(a)	8,296.73	12,244.26	1,666.67
(ii) Other financial liabilities	15(d)	1,719.13	1,699.96	1,537.85
b Provisions	16	2,269.32	1,161.35	794.42
c Deferred tax liabilities (Net)	17	-	3,748.59	3,538.92
Total Non current liabilities		**12,285.18**	**18,854.16**	**7,537.86**
3 Current Liabilities				
a Financial liabilities				
(i) Borrowings	15(b)	-	199.01	6,479.37
(ii) Trade payables	15(c)	28,806.91	36,635.69	35,398.80
(iii) Other financial liabilities	15(d)	22,252.39	17,806.34	16,793.51
b Other current liabilities	18	3,190.76	2,848.80	3,124.93
c Provisions	16	884.37	793.05	566.58
d Current tax liabilities (Net)	19	-	886.14	1,352.98
Total current liabilities		**55,134.43**	**59,169.03**	**63,716.17**
Total equity and liabilities		**228,306.34**	**193,490.07**	**161,473.09**
Notes to Accounts	1 to 43			

Accompanying notes referred to above formed the integral part of the financial statement

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Profit & Loss

for the year ended March 31, 2017

(₹ in lacs)

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I.	**Revenue from operations**	20	238,293.77	219,733.89
II.	**Other income**	21	3,581.93	3,485.63
III.	**Total income (I+II)**		**241,875.70**	**223,219.52**
IV.	**Expenses:**			
	Cost of materials consumed	22 (a)	112,965.07	111,089.90
	Purchase of stock in trade		7,431.93	6,731.61
	Changes in inventories of finished goods, work in progress and stock in trade	22 (b)	(4,089.03)	(1,993.84)
	Excise duty on sale of goods		10,647.91	10,107.07
	Employee benefit expense	23	22,037.76	19,142.07
	Finance costs	27	719.84	959.81
	Depreciation and amortisation expense	26	7,267.45	5,373.70
	Other expenses	24	34,247.40	31,719.58
	Total expenses		**191,228.33**	**183,129.90**
V.	**Profit before tax (III-IV)**		**50,647.37**	**40,089.62**
	Income Tax Expense	28		
	Current Tax		(10,242.81)	(9,046.48)
	Deferred Tax		5,331.96	(77.71)
	Total tax expense		**(4,910.85)**	**(9,124.19)**
VI.	**Profit for the period**		**45,736.52**	**30,965.43**
VII.	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurements gains/(losses) on defined benefit plans		(672.59)	26.18
	(ii) Income tax relating to the above item		232.77	(9.06)
	B (i) Items that will be reclassified to profit or loss			
	Effective portion of gains/(losses) cash flow hedges		1,426.86	355.09
	(ii) Income tax relating to the above item		(493.81)	(122.89)
VIII.	**Total comprehensive income for the period (VI+VII)**		**46,229.75**	**31,214.75**
IX.	**Earnings per Equity Share**	30		
	1) Basic (in ₹)		33.31	22.63
	2) Diluted (in ₹)		33.08	22.45
	Face value per share (in ₹)		1	1
	Notes to accounts	1 to 43		
	Accompanying notes referred to above formed the integral part of the financial statement			

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2017

a. Equity share capital

(₹ i n lacs)

Particulars	Note No.	As at March 31, 2017 No. of Shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of Shares	As at March 31, 2016 Amount
Balance at the beginning of the reporting period	12	137,127,222	1,371.27	136,576,182	1,365.76
Changes in equity share capital during the year		459,402	4.60	551,040	5.51
Balance at the end of the reporting period		**137,586,624**	**1,375.87**	**137,127,222**	**1,371.27**

b. Other equity

(₹ in lacs)

Particulars	Note No.	Reserves & Surplus: Capital Reserve	Reserves & Surplus: Securities Premium Reserve	Reserves & Surplus: Share Option Outstanding Account	Reserves & Surplus: General Reserve	Reserves & Surplus: Retained earnings	Other items of OCI: Effective portion of Cash flow Hedges	Total Equity
Balance at April 1, 2015		148.88	16,765.07	791.70	10,859.08	60,100.27	188.30	**88,853.30**
Profit for the year		-	-	-	-	30,965.43	-	**30,965.43**
Other comprehensive income for the year	13 e,f.	-	-	-	-	17.12	232.20	**249.32**
Total comprehensive income for the year		-	-	-	-	30,982.55	232.20	**31,214.75**
Transactions with owners in their capacity as owners:								
Premium on issue of Equity Shares through ESOP	13 b.	-	975.24	-	-	-	-	**975.24**
Shares issued under ESOP scheme	13 c.	-	-	(354.08)	-	-	-	**(354.08)**
Expense on Employee Stock Option Scheme	13 c.	-	-	659.68	-	-	-	**659.68**
Dividend paid	14	-	-	-	-	(6,026.43)	-	**(6,026.43)**
Dividend Distribution Tax (DDT)	14	-	-	-	-	(1,226.85)	-	**(1,226.85)**
Transfer to General reserve	13 d,e.	-	-	-	3,133.64	(3,133.64)	-	**-**
Balance at March 31, 2016		**148.88**	**17,740.31**	**1,097.30**	**13,992.72**	**80,695.90**	**420.50**	**114,095.61**
Profit for the year		-	-	-	-	45,736.52	-	**45,736.52**
Other comprehensive income for the year	13 e,f.	-	-	-	-	(439.82)	933.05	**493.23**
Total comprehensive income for the year		-	-	-	-	45,296.70	933.05	**46,229.75**
Transactions with owners in their capacity as owners:								
Premium on issue of Equity Shares through ESOP	13 b.	-	1,353.55	-	-	-	-	**1,353.55**
Shares issued under ESOP scheme	13 c.	-	-	(527.17)	-	-	-	**(527.17)**
Expense on Employee Stock Option Scheme	13 c.	-	-	843.06	-	-	-	**843.06**
Dividend paid	14	-	-	-	-	(2,063.80)	-	**(2,063.80)**
Dividend Distribution Tax (DDT)	14	-	-	-	-	(420.14)	-	**(420.14)**
Transfer to General reserve	13 d,e.	-	-	-	4,573.66	(4,573.66)	-	**-**
Balance at March 31, 2017		**148.88**	**19,093.86**	**1,413.19**	**18,566.38**	**118,935.00**	**1,353.55**	**159,510.86**

As per our separate report of even date attached

For and on behalf of the Board of Directors

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

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Place: Gurugram
Date: May 16, 2017

Inspired by Science

Statement of Cash Flows

for the year ended March 31, 2017

(₹ in lacs)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	**50,647.37**	**40,089.62**
	Adjustments for :-		
	Depreciation and amortisation expense	7,267.45	5,373.70
	Finance costs	719.84	959.81
	Provision for Bad and Doubtful debts & Advances	349.56	576.38
	Interest Income on Financial Assets at amortised cost	(1,476.30)	(2,039.68)
	Unwinding of discount on Security Deposits	(14.06)	(9.45)
	Expense on Employee Stock Option Scheme	843.06	659.68
	(Gain)/Loss on Sale/Retirement of property, plant & equipment (Net)	23.71	169.14
	(Gain)/Loss on sale of Investments (Net)	(61.77)	-
	(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	(243.11)	-
	Unrealised (Gain)/Loss on foreign currency transactions (Net)	46.11	89.05
	Operating Profit before Working Capital changes	**58,101.86**	**45,868.25**
	(Increase) / Decrease in Trade Receivables	(3,902.47)	(2,426.45)
	(Increase) / Decrease in Current financial assets - Loans	(83.91)	88.37
	(Increase) / Decrease in Non-current financial assets - Loans	108.24	(52.82)
	(Increase) / Decrease in Other current financial assets	(270.35)	(312.36)
	(Increase) / Decrease in Other non-current financial assets	(18.17)	(19.98)
	(Increase) / Decrease in Other current assets	(501.43)	311.45
	(Increase) / Decrease in Other non-current assets	825.19	107.84
	(Increase) / Decrease in Inventories	(3,714.23)	(1,659.20)
	Increase / (Decrease) in Current Provisions and Trade Payables	(8,407.57)	1,701.02
	Increase / (Decrease) in Non-current Provisions	1,107.97	366.93
	Increase / (Decrease) in Other current financial liabilities	2,166.84	2,218.10
	Increase / (Decrease) in Other non-current financial liabilities	19.17	162.11
	Increase / (Decrease) in Other current liabilities	341.96	(276.13)
	Cash generated from Operations before tax	**45,773.10**	**46,077.13**
	Income Taxes paid	(12,093.34)	(9,513.32)
	Net cash inflow (outflow) from Operating Activities	**33,679.76**	**36,563.81**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(14,179.02)	(32,144.05)
	Proceeds from sale of property, plant & equipment	60.01	268.11
	Purchase and Sale of Current Investments	(10,952.27)	-
	Interest Received	1,476.30	2,039.68
	Net cash used in Investing Activities	**(23,594.98)**	**(29,836.26)**
	Net cash inflow (outflow) from Operating and Investing Activities	**10,084.78**	**6,727.55**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of Equity Share Capital	4.60	5.51
	Premium on issue of Equity Shares through ESOP	1,353.55	975.24
	Employee Stock option allotted	(527.17)	(354.08)
	Short Term Borrowings (Net)	56.80	(6,498.50)
	Proceeds from Borrowings - Term Loan	-	12,956.66

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Repayment of Borrowings - Term Loan	(2,724.13)	(3,584.07)
Interest paid (Net)	(720.09)	(1,007.21)
Dividends paid (including Tax)	(2,483.94)	(7,253.28)
Net Cash inflow (outflow) from Financing Activities	**(5,040.38)**	**(4,759.73)**
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	**5,044.40**	**1,967.82**
Effect of exchange differences on translation of foreign currency Cash & Cash equivalents	-	(0.65)
Net increase (decrease) in Cash & Cash equivalents	**5,044.40**	**1,967.17**
Opening balance of Cash & Cash equivalents	**3,232.74**	**1,265.57**
Closing balance of Cash & Cash equivalents	**8,277.14**	**3,232.74**
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 8(e)):-		
i) Cash on Hand	6.17	8.67
ii) Balance with Banks :		
- In Current Accounts	548.77	1,223.77
- In Fixed Deposits	7,722.20	2,000.30
TOTAL	**8,277.14**	**3,232.74**

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Notes to the Financial Statements

for the year ended March 31, 2017

1 CORPORATE INFORMATION

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

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

2 BASIS OF PREPARATION

a) Statement of compliance

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

The financial statement up to year ended March 31, 2016 were prepared in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 43.

These financial statements were authorised for issue by the Board of Directors on May 16, 2017.

b) Basis of measurement

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

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

c) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest lacs, unless otherwise indicated.

d) Current or Non current classification

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

e) Use of judgements and estimates

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

a) Property, plant and equipment

a) Recognition and measurement

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

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended

Notes to the Financial Statements

for the year ended March 31, 2017

use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

b) Transition to Ind AS

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

c) Depreciation

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

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

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

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

Leasehold land and Cost of improvement on leasehold building is being amortised over the lease period.

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

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

b) Intangible assets

a) Recognition and measurement

Intangible assets acquired separately

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

Internally generated intangible assets - Research and development

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

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

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

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

Notes to the Financial Statements

for the year ended March 31, 2017

or loss.

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

b) Transition to Ind AS

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

c) Amortisation

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

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

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

c) Impairment of non-financial assets

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

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

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

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

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

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

d) Financial instruments

a) Initial recognition

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

b) Subsequent measurement

(i) Financial assets carried at amortised cost

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

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

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

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

Notes to the Financial Statements

for the year ended March 31, 2017

basis. Fair value gains and losses recognised in OCI are not reclassified to profit and loss.

(iii) Financial assets at fair value through profit or loss

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

c) Impairment of financial assets

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

With regard to trade receivable, the Company applies the simplified approach (Refer Note No. 39(i)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

d) Derecognition

Financial Assets

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

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

Financial Liabilities

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

e) Reclassification of Financial Assets and Financial Liabilities

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

f) Derivative financial instruments

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

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recorded in the Company's hedging reserve as a component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the income statement as finance costs immediately.

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

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

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

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income/ (loss), remains there until the forecast transaction occurs.

Notes to the Financial Statements

for the year ended March 31, 2017

If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/ (loss) is recognised immediately in the statement of profit and loss.

g) Offsetting

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

e) Fair value measurement

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

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

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

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

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

f) Inventories

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

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

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

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

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.

g) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

h) Revenue Recognition

a) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discounts and volume rebates.

Notes to the Financial Statements

for the year ended March 31, 2017

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

b) Sale of services

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

c) Interest Income

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

d) Dividends

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

i) Employee Benefits

a) Short term employee benefits

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

b) Defined contribution plans

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

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

c) Defined benefit plans

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

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

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

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

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

d) Other long-term employee benefits

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

The liability for long term compensated absences are provided based on actuarial valuation as at the Balance Sheet date, based on

Notes to the Financial Statements

for the year ended March 31, 2017

Projected Unit Credit Method, carried out by an independent actuary.

j) **Foreign currency transactions**

Initial recognition:

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

Conversion:

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

Exchange difference:

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

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

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

k) **Borrowing costs**

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

l) **Income tax**

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

a) **Current tax**

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

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

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

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

b) **Deferred tax**

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the forseeable future.

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

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

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

For operations carried out in tax free units, deferred tax assets or liabilities, if any, have been recognised for

Notes to the Financial Statements

for the year ended March 31, 2017

the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset only if:

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

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

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

m) Segment Reporting

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

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

n) Cash and cash equivalents

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

o) Cash flow statement

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

p) Lease

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

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

Company as lessee under finance lease

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

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

Company as lessee under operating lease

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

q) Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied and is adjusted to reflect the actual number of share options that vest. The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions and the impact of any non-vesting conditions and excluding the impact of any service and non-market performance vesting conditions.

r) Earning per share

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

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

Notes to the Financial Statements

for the year ended March 31, 2017

4 PROPERTY, PLANT & EQUIPMENT

(₹ in lacs)

Particulars	Leasehold land	Freehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross Carrying Value								
Deemed cost as at April 01, 2015	2,011.72	55.86	9,334.48	40,782.20	204.17	192.04	10.53	**52,591.00**
Additions	-	-	11,649.47	25,918.20	412.46	365.45	(0.00)	**38,345.58**
Disposals	-	-	(34.27)	(452.52)	(0.17)	(1.19)	(0.09)	**(488.24)**
Other Adjustments								
Exchange Difference	-	-	140.19	425.69	-	-	-	**565.88**
Borrowing Costs	-	-	19.22	55.06	-	-	-	**74.28**
Other Expenses including Salary	-	-	267.17	560.95	-	-	-	**828.12**
As at March 31, 2016	**2,011.72**	**55.86**	**21,376.26**	**67,289.58**	**616.46**	**556.30**	**10.44**	**91,916.62**
Additions	-	-	4,778.40	8,465.21	331.31	217.11	3.24	**13,795.27**
Disposals	-	-	(35.27)	(96.28)	(4.41)	(0.37)	-	**(136.33)**
Other Adjustments								
Exchange Difference	-	-	(59.89)	(171.11)	-	-	-	**(231.00)**
Other Expenses including Salary	-	-	187.36	305.95	-	-	-	**493.31**
As at March 31, 2017	**2,011.72**	**55.86**	**26,246.86**	**75,793.35**	**943.36**	**773.04**	**13.68**	**105,837.87**
Depreciation								
Charge for the year	21.47	-	500.23	4,633.72	39.38	81.46	3.51	**5,279.77**
Disposals	-	-	(0.50)	(50.28)	(0.02)	(0.15)	(0.02)	**(50.97)**
As at March 31, 2016	**21.47**	**-**	**499.73**	**4,583.44**	**39.36**	**81.31**	**3.49**	**5,228.80**
Charge for the year	21.47	-	880.32	5,999.61	77.88	140.59	1.67	**7,121.54**
Disposals	-	-	(1.33)	(49.94)	(1.10)	(0.24)	-	**(52.61)**
As at March 31, 2017	**42.94**	**-**	**1,378.72**	**10,533.11**	**116.14**	**221.66**	**5.16**	**12,297.73**
Net Carrying Value								
As at April 01, 2015	**2,011.72**	**55.86**	**9,334.48**	**40,782.20**	**204.17**	**192.04**	**10.53**	**52,591.00**
As at March 31, 2016	**1,990.25**	**55.86**	**20,876.53**	**62,706.14**	**577.10**	**474.99**	**6.95**	**86,687.82**
As at March 31, 2017	**1,968.78**	**55.86**	**24,868.14**	**65,260.24**	**827.22**	**551.38**	**8.52**	**93,540.14**

a. The Company has availed deemed cost exemption for the valuation of Property, Plant and Equipment. Hence net block as on March 31, 2015 represents the gross block as per Ind AS as on April 01, 2015.

b. Depreciation for the year includes depreciation amounting to ₹ 525.74 lacs (March 31, 2016 ₹ 194.52 lacs) on assets used for Research & Development. During the year Company incurred ₹ 5,304.18 lacs (March 31, 2016 ₹ 6,034.04 lacs) towards capital expenditure for Research & Development (Refer Note 29).

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

d. Refer note 15(a) and 15(b) for information on Property, Plant and Equipment pledged as security by the Company.

Notes to the Financial Statements

for the year ended March 31, 2017

5 INTANGIBLE ASSETS

(₹ in lacs)

Particulars	Software	Product Development	Total
Gross Carrying Value			
Deemed cost as at April 01, 2015	269.32	41.76	311.08
Additions	214.19	53.71	267.90
As at March 31, 2016	**483.51**	**95.47**	**578.98**
Additions	401.44	-	401.44
As at March 31, 2017	**884.95**	**95.47**	**980.42**
Amortisation			
Charge for the year	80.27	13.66	93.93
As at March 31, 2016	**80.27**	**13.66**	**93.93**
Charge for the year	124.50	21.41	145.91
As at March 31, 2017	**204.77**	**35.07**	**239.84**
Net Carrying Value			
As at April 01, 2015	**269.32**	**41.76**	**311.08**
As at March 31, 2016	**403.24**	**81.81**	**485.05**
As at March 31, 2017	**680.18**	**60.40**	**740.58**

a. The Company has availed deemed cost exemption for the valuation of Intangible Assets. Hence net block as on March 31, 2015 represents the gross block as per Ind AS as on April 01, 2015.

6 CAPITAL WORK IN PROGRESS & INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lacs)

Particulars	Capital Work in progress	Intangible Assets under Development
As at April 01, 2015	12,219.74	1,104.30
Additions	32,138.11	205.72
Amount transferred from CWIP	(39,766.81)	(53.71)
Other Adjustments *		
Exchange Difference	565.88	-
Borrowing Costs	74.28	-
Other Expenses including Salary	642.62	-
As at March 31, 2016	**5,873.82**	**1,256.31**
Additions	13,776.35	640.87
Amount transferred from CWIP	(14,219.40)	-
Other Adjustments *		
Exchange Difference	(231.00)	-
Other Expenses including Salary	634.89	-
As at March 31, 2017	**5,834.66**	**1,897.18**

* Refer Note No. 7

Notes to the Financial Statements

for the year ended March 31, 2017

7 CAPITALISATION OF EXPENDITURE

Expenditure capitalised as a part of Property, Plant and Equipment and carried forward is as under:

(₹ in lacs)

Particulars		March 31, 2017	March 31, 2016
A.	Brought forward from the earlier year	1,432.96	1,466.45
B.	Expenditure incurred during the year:		
	Staff Costs	811.80	607.74
	Other Expenses	463.96	240.60
	Interest and commitment charges	-	74.28
	Exchange Difference	(231.00)	565.88
		1,044.76	**1,488.50**
C.	Capitalised as part of :		
	Plant & Machinery	134.84	1,041.70
	Building	127.47	426.58
	Intangible Assets	-	53.71
		262.31	**1,521.99**
D.	Carried forward as part of capital work in progress	**2,215.41**	**1,432.96**

8 FINANCIAL ASSETS

8(a) NON-CURRENT INVESTMENTS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment in Equity Instruments (fully paid up)			
Unquoted shares			
Investment in wholly-owned subsidiary companies at Cost			
a) PILL Finance & Investment Limited	36.00	36.00	36.00
360,000 (March 31, 2016 : 360,000, April 01 2015 : 360,000) Equity Shares of ₹ 10 each fully paid			
b) PI Life Science Research Limited	94.50	94.50	94.50
945,000 (March 31, 2016 : 945,000, April 01 2015 : 945,000) Equity Shares of ₹10 each fully paid			
c) PI Japan Company Limited	18.60	18.60	18.60
100 (March 31, 2016 : 100, April 01 2015 : 100) Equity Shares of ₹18,600 each fully paid - (JPY 50,000 each)			
TOTAL	**149.10**	**149.10**	**149.10**
Aggregate amount of un-quoted investments	**149.10**	**149.10**	**149.10**

8(b) CURRENT INVESTMENTS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment in Mutual Funds at FVTPL			
Quoted			
a) Reliance Liquid Fund - Treasury Growth Plan	2,080.52	-	-
52,618.45 (March 31, 2016 : Nil, April 01 2015 : Nil) Units			
b) SBI Premier Liquid Fund- Regular Growth Plan	2,032.59	-	-
79,844.41 (March 31, 2016 : Nil, April 01 2015 : Nil) Units			
c) ICICI - Liquid Growth Plan	2,081.26	-	-
866,628.55 (March 31, 2016 : Nil, April 01 2015 : Nil) Units			
d) HDFC Liquid Fund - Regular Growth Plan	2,048.74	-	-
64,030.18 (March 31, 2016 : Nil, April 01 2015 : Nil) Units			
TOTAL	**8,243.11**	-	-
Aggregate amount of quoted investments and market value thereof	**8,243.11**	-	-

Notes to the Financial Statements

for the year ended March 31, 2017

8(c) LOANS

(₹ in lacs)

Particulars		Non- Current			Current		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good unless stated otherwise							
Security Deposits*	**A**	266.36	374.60	321.78	36.13	12.47	9.37
Loans and advances to related parties (Refer Note 36)**	**B**	-	-	-	375.94	501.90	412.65
Other Loans and advances							
Advances to Vendors		-	-	-	-	72.29	308.83
Employee Advances							
Considered good		-	-	-	424.39	26.87	48.20
Doubtful		-	-	-	3.52	0.83	0.27
Less: Allowance for doubtful Employee Advances		-	-	-	(3.52)	(0.83)	(0.27)
Other Miscellaneous Advances***					581.02	705.98	619.38
	C	**-**	**-**	**-**	**1005.41**	**805.14**	**976.41**
TOTAL (A+B+C)		**266.36**	**374.60**	**321.78**	**1417.48**	**1319.51**	**1,398.43**

* Includes ₹ 0.50 lacs (March 31, 2016 ₹ 0.50 lacs, April 01, 2015 ₹ 0.50 lacs) rent deposit to PILL Finance & Investment Ltd.

** Includes provision of money amounting to ₹ 354.93 lacs (March 31, 2016 ₹ 473.05 lacs, April 01 2015 ₹ 380.64 lacs), to PII ESOP Trust for subscription of Shares by PII ESOP Trust for the benefit of employees and carries an interest rate of 9% p.a.

*** Includes caution money deposits of ₹ 528.09 lacs (March 31, 2016 ₹ 653.08 lacs, April 01 2015 ₹ 545.50 lacs) towards minimum guarantee offtake.

8(d) TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good unless stated otherwise			
- Considered Good	42,371.16	39,775.06	38,055.36
- Doubtful	1,483.05	1,243.42	936.15
	43,854.21	**41,018.48**	**38991.51**
Less: Allowance for Bad and Doubtful Debts	(1,483.05)	(1,243.42)	(936.15)
TOTAL	**42,371.16**	**39,775.06**	**38,055.36**
Of the above, trade receivable from related parties are given below:			
Total trade receivables from related parties	9.58	-	-
Allowance for Bad and Doubtful Debts	(0.34)	-	-
Net trade receivables	**9.25**	-	-

Refer note 15(b) for information on trade receivables pledged as security by the Company.

Notes to the Financial Statements

for the year ended March 31, 2017

8(e) CASH AND CASH EQUIVALENTS

(₹ in lacs)

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
i.	Cash & Cash Equivalents			
	- Balance with banks			
	In Current Accounts	548.77	1,223.77	1,255.03
	- Cash on hand	6.17	8.67	10.54
	- Fixed Deposits with Bank	7,722.20	2,000.30	-
	TOTAL	**8,277.14**	**3,232.74**	**1,265.57**

ii. Disclosure on specified bank notes:

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(in ₹)

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 08.11.2016	1,035,000	420,353	1,455,353
(+) Permitted receipts	-	2,637,416	2,637,416
(-) Permitted payments	-	(2,394,022)	(2,394,022)
(-) Amount deposited in Banks	(1,035,000)	(30,000)	(1,065,000)
Closing cash on hand as on 30.12.2016	**-**	**633,747**	**633,747**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016.

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

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
In Deposit accounts held as margin money	784.16	1,057.46	883.39
Fixed Deposits with Bank	3,014.04	-	-
In Unclaimed Dividend Accounts *	44.69	94.44	26.75
TOTAL	**3,842.89**	**1,151.90**	**910.14**

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

Notes to the Financial Statements

for the year ended March 31, 2017

8(g) OTHER FINANCIAL ASSETS

(₹ in lacs)

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Considered good unless stated otherwise						
Interest and Other charges recoverable from customers						
-Considered Good	-	-	-	722.16	550.14	405.23
-Doubtful	-	-	-	652.06	553.73	386.28
Less: Allowance for Bad and Doubtful Debts	-	-	-	(652.06)	(553.73)	(386.28)
Deposits lodged with Excise & Sales Tax department*	245.89	227.72	207.74	-	-	-
Deposit accounts held as margin money	11.47	250.59	9.79	267.15	10.54	207.27
Hedge Asset	-	-	-	2,985.00	543.39	188.30
TOTAL	**257.36**	**478.31**	**217.53**	**3,974.31**	**1,104.07**	**800.80**

* Deposits includes ₹ 234.25 lacs (March 31, 2016 ₹ 216.84 lacs, April 01, 2015 ₹ 200.52 lacs) towards security deposit lodged with the Rajasthan excise department, ₹ 5.31 lacs (March 31, 2016 ₹ 4.95 lacs, April 01, 2015 ₹ 4.58 lacs) lodged with Commercial Taxes Kottayam, ₹ 2.17 lacs (March 31, 2016 ₹ 2.03 lacs, April 01, 2015 ₹ Nil) lodged with Commercial Taxes Srinagar, ₹ 1.65 lacs (March 31, 2016 ₹ 1.54 lacs, April 01, 2015 ₹ 1.42 lacs) lodged with Assistant Excise & Taxation Commissioner, Solan, ₹ 1.27 lacs (March 31, 2016 ₹ 1.19 lacs, April 01, 2015 ₹ 0.62 lacs) lodged with Superintendent, Prohibition & Excise Account, Jambusar, ₹ 0.53 lacs (March 31, 2016 ₹ 0.52 lacs, April 01, 2015 ₹ Nil) lodged with Superintendent, Prohibition & Excise Account, Panoli and ₹ 0.71 lacs (March 31, 2016 ₹ 0.65 lacs, April 01, 2015 ₹ 0.60 lacs) lodged with UKAI right Bank Canal Division.

9 INVENTORIES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Raw Materials {includes Stock-in-Transit ₹ 5,798.86 lacs (March 31, 2016 : ₹ 5,157.37 lacs, April 01 2015 : ₹ 7,547.66 lacs)}	18,138.04	19,100.51	19,002.92
Work in Progress	7,619.06	5,747.72	7,104.48
Finished Goods	13,547.17	11,518.22	8,373.89
Stock in trade {includes Stock-in-Transit ₹ 41.98 lacs (March 31, 2016 : Nil, April 01 2015 : Nil)}	1,897.68	1,708.94	1,502.67
Stores & Spares {includes Stock-in-Transit ₹ 40.05 lacs (March 31, 2016 : Nil, April 01 2015 : Nil)}	1,992.63	1,404.96	1,837.19
TOTAL	**43,194.58**	**39,480.35**	**37,821.15**

Refer note 3(f) for basis of valuation.

Refer note 15(b) for information on inventories pledged as security by the Company.

The cost of inventories recognised as expense amounted to ₹1,16,307.97 lacs during the year ended March 31, 2017 (Previous year : ₹ 115827.67 lacs)

The cost of inventories recognised as an expense includes ₹ 1623.92 lacs (previous year : ₹ 2340.65 lacs) in respect of write down of inventories to net realisable value.

Notes to the Financial Statements

for the year ended March 31, 2017

10 OTHER ASSETS

(₹ in lacs)

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Considered good unless stated otherwise						
Capital Advances						
Considered good	2,327.46	2,103.36	3,867.72	-	-	-
Doubtful	1.69	1.20	0.49	-	-	-
Less: Allowance for doubtful Advances	(1.69)	(1.20)	(0.49)	-	-	-
Advances to Vendors						
Considered good	-	-	-	1,754.04	1,160.95	2,016.84
Doubtful	-	-	-	11.40	3.68	2.36
Less: Allowance for doubtful Advances	-	-	-	(11.40)	(3.68)	(2.36)
Balance with Central Excise Authorities, Customs etc.	-	-	-	2,089.09	2,812.78	3,181.36
Prepaid Expenses	451.34	1,460.42	1,724.19	855.52	794.65	629.99
Other Statutory Advances	3.48	5.93	14.90	1,374.19	1,889.76	2,104.93
Other Miscellaneous Advances*	424.80	238.95	74.76	2,733.64	1,654.63	692.42
TOTAL	**3,207.08**	**3,808.66**	**5,681.57**	**8,806.48**	**8,312.77**	**8,625.54**

* Non- Current Miscellaneous Advances include amount of ₹ 377.16 lacs (March 31, 2016 ₹ 191.29 lacs, April 01 2015 ₹ 27.10 lacs) deposited with Sales Tax Authorities under protest.

* Current Miscellaneous Advances include export incentives receivable of ₹ 2,733.64 lacs (March 31, 2016 ₹ 1,654.63 lacs, April 01 2015 ₹ 692.42 lacs).

11 CURRENT TAX ASSETS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance Income Tax (Net of Provision for Income Tax ₹ 49,595.40 lacs)	495.63	-	-
TOTAL	**495.63**	**-**	-

12 EQUITY SHARE CAPITAL

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised Shares			
223,000,000 (March 31, 2016 : 223,000,000, April 01 2015 : 223,000,000) Equity Shares of ₹1 each (March 31, 2016 : ₹ 1 each, April 01 2015 : ₹ 1 each)	2,230.00	2,230.00	2,230.00
5,000,000 (March 31, 2016 : 5,000,000, April 01 2015 : 5,000,000) Preference Shares of ₹100 each (March 31, 2016 : ₹ 100 each, April 01 2015 : ₹ 100 each)	5,000.00	5,000.00	5,000.00
	7,230.00	**7,230.00**	**7,230.00**
Issued Shares			
137,763,199 (March 31, 2016 : 137,303,797, April 01 2015 : 136,752,757) Equity Shares of ₹1 each (March 31, 2016 : ₹ 1 each, April 01 2015 : ₹ 1 each)	1,377.63	1,373.04	1,367.53
	1,377.63	**1,373.04**	**1,367.53**
Subscribed & Fully Paid up Shares			
137,586,624 (March 31, 2016 : 137,127,222, April 01 2015 : 136,576,182) Equity Shares of ₹1 each (March 31, 2016 : ₹ 1 each, April 01 2015 : ₹ 1 each)	1,375.87	1,371.27	1,365.76
Total subscribed and fully paid up share capital	**1,375.87**	**1,371.27**	**1,365.76**

Notes to the Financial Statements

for the year ended March 31, 2017

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

b. Terms/ rights attached to Equity Shares

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

During the year ended March 31, 2017, the Company has declared 150% Interim dividend on Equity Shares of face value of ₹1 each to the Equity Shareholders, which is recognised as distribution to the Equity Shareholders. (Previous Year Final dividend of Nil and Interim dividend of 310% on face value of ₹1 per share)

c. Issue of Shares under ESOP Scheme

During the year ended March 31, 2017, the Company has issued 459,402 Equity Shares of ₹ 1 each (Previous Year 551,040 Equity Shares of ₹ 1 each), as per exercise price to PII ESOP Trust, set up to administer Employee Stock Option Plan. Out of total Equity Shares issued to the Trust 503,177 Equity Shares of face value of ₹ 1 each (Previous Year 601,363 Equity Shares of face value of ₹ 1 each) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on March 31, 2017, 184,360 Equity Shares of face value of ₹ 1 per share (Previous Year 228,135 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock option. (Refer Note 32)

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

Issued Share Capital

Equity Shares

Particulars	Equity Share (No. of Shares)		Equity Share (Value of Shares) (₹ in lacs)	
	2016-17	2015-16	2016-17	2015-16
Share outstanding at beginning of period	137,303,797	136,752,757	1,373.04	1,367.53
Shares issued under ESOP scheme (Refer Note 12(c))	459,402	551,040	4.59	5.51
Share outstanding at end of period	**137,763,199**	**137,303,797**	**1,377.63**	**1,373.04**

Subscribed & Paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Equity Share (Value of Shares) (₹ in lacs)	
	2016-17	2015-16	2016-17	2015-16
Share outstanding at beginning of period	137,127,222	136,576,182	1,371.27	1,365.76
Shares issued under ESOP scheme (Refer Note 12(c))	459,402	551,040	4.59	5.51
Share outstanding at end of period	**137,586,624**	**137,127,222**	**1,375.86**	**1,371.27**

e. 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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Equity Shares allotted as fully paid up Bonus shares by capitalisation of reserves as on	-	18,645,835	36,364,605

Year of Issue	No. of Shares
2010-11	18,645,835
2009-10	17,718,770

Notes to the Financial Statements

for the year ended March 31, 2017

f. Shares reserved for issue under option

Shares reserved for issue under ESOP - Refer Note 32

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

Equity Shares

Name of Shareholders	2016-17		2015-16	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal jointly with Ms. Madhu Singhal	Nil	Nil	17,057,174	12.44
Ms. Madhu Singhal jointly with Mr. Salil Singhal	Nil	Nil	23,764,621	17.33
Salil Singhal (HUF)	Nil	Nil	12,873,629	9.39
Mr. Salil Singhal	8,554,857	6.22	13,101,879	9.55
Ms. Madhu Singhal	21,560,500	15.67	Nil	Nil
Mr. Mayank Singhal	32,028,510	23.28	Nil	Nil
Ms. Pooja Singhal	8,665,550	6.30	Nil	Nil
Cartica Capital Ltd.	8,483,037	6.17	8,483,037	6.19

13 OTHER EQUITY

(₹ in lacs)

Particulars			As at March 31, 2017		As at March 31, 2016	
(I)	Reserves & Surplus					
	a.	Capital Reserve				
		Balance at the beginning of the Financial year	148.88		148.88	
		Addition during the Financial year	-	148.88	-	148.88
		Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference shares.				
	b.	Securities Premium Reserve				
		Balance at the beginning of the Financial year	17,740.31		16,765.07	
		Add: Premium on issue of Equity Shares through ESOP	1,353.55	19,093.86	975.24	17,740.31
		Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.				
	c.	Share Option Outstanding Account				
		Balance at the Beginning of the Financial year	1,097.30		791.70	
		Expense on Employee stock option scheme	843.06		659.68	
		Less: Shares issued under ESOP scheme	(527.17)	1,413.19	(354.08)	1,097.30
		The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.				
	d.	General Reserve				
		Balance at the beginning of the Financial year	13,992.72		10,859.08	
		Add: Transferred during the Financial year	4,573.66	18,566.38	3,133.64	13,992.72
	e.	Surplus in Statement of Profit & Loss				
		Balance at the beginning of the Financial year	80,695.90		60,100.27	
		Addition during the Financial year	45,736.52		30,965.43	
		Add: Remeasurements gains/(losses) on defined benefit plans through OCI	(439.82)		17.12	
		Less: Transfer to General Reserves	(4,573.66)		(3,133.64)	

Notes to the Financial Statements

for the year ended March 31, 2017

(₹ in lacs)

Particulars			As at March 31, 2017		As at March 31, 2016	
		Less: Interim Dividend on Equity Shares ₹ 1.50 per share (Previous Year ₹ 3.10 per share)	(2,063.80)		(4,250.94)	
		Less: Final dividend for the year ended March 31, 2016 ₹ Nil (March 31, 2015 - ₹ 1.30) per share	-		(1,775.49)	
		Less: Dividend Distribution Tax on Equity Shares	(420.14)	118,935.00	(1,226.85)	80,695.90
		TOTAL (I)		**158,157.31**		**113,675.11**
(II)	**Items of other comprehensive income**					
	f.	**Cash Flow Hedge Reserve**				
		Balance at the beginning of the Financial year	420.50		188.30	
		Add: Other comprehensive income for the Financial year	933.05	1,353.55	232.20	420.50
		The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
		Refer Note No. 39(v)(c)				
		TOTAL (II)		**1,353.55**		**420.50**
		TOTAL OTHER EQUITY (I + II)		**159,510.86**		**114,095.61**

14 DISTRIBUTION MADE AND PROPOSED

(₹ in lacs)

Particulars		As at March 31, 2017	As at March 31, 2016
A	**Dividends declared and paid:**		
	Final dividend for the year ended March 31, 2016 ₹ Nil (March 31, 2015 - ₹ 1.30) per qualifying equity share	-	1,775.49
	Interim dividend for the year ended March 31, 2017 ₹ 1.50 (March 31, 2016 - ₹ 3.10) per qualifying equity share	2,063.80	4,250.94
	Total dividends	**2,063.80**	**6,026.43**

(a) PI has paid tax on dividend amounting to ₹ 420.14 lacs (Previous Year ₹1226.85 lacs)

(b) Detail of dividend paid in foreign currency:

(₹ in lacs)

Particulars	Dividend paid in FY 2016-17			Dividend paid in FY 2015-16		
	No. of Shareholders	No. of Shares	₹ in lacs	No. of Shareholders	No. of Shares	₹ in lacs
Final Dividend declared for FY 2014-15	-	-	-	2	2,056,974	26.74
Interim Dividend declared for FY 2015-16	1	2,095,426	39.81	1	2,095,426	25.15
Interim Dividend declared for FY 2016-17	2	1,110,426	16.66	-	-	-

B Proposed Dividend

The board of directors has recommended final dividend of ₹ 2.50 per equity share (Previous Year ₹ Nil) subject to the approval of shareholders in the ensuing general meeting.

Notes to the Financial Statements

for the year ended March 31, 2017

15 FINANCIAL LIABILITIES

15(a) BORROWINGS (NON-CURRENT)

(₹ in lacs)

Particulars	Non- Current maturities			Current maturities		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Term Loans - From Banks						
Foreign Currency Loans from Banks (secured)	8,296.73	12,244.26	1,666.67	3,713.90	2,721.75	3,333.99
Less: Interest accrued but not due on borrowings (included in Note 15(d))				27.29	27.54	0.66
TOTAL	**8,296.73**	**12,244.26**	**1,666.67**	**3,686.61**	**2,694.21**	**3,333.33**

a. **Foreign Currency Loans includes:**

ECB from HSBC Bank amounting to USD 185.71 lacs carrying interest rate of 3 Months LIBOR plus 1.42% is outstanding as on March 31, 2017 and is repayable in balance 13 Quarterly instalments of USD 14.29 lacs each. The loan is secured by exclusive charge on movable Plant and Machinery relating to Multi Purpose Plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). Carrying value of assets pledged as securities is ₹ 16,716.37 lacs.

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

15(b) BORROWINGS (CURRENT)

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans Repayable on Demand			
Working Capital Loans from Banks (secured)	-	199.01	6,479.37
TOTAL	**-**	**199.01**	**6,479.37**

Working capital loans are secured by first pari passu charge by way of hypothecation on the current assets of the Company namely stocks of raw materials, finished and semi finished goods, stores and spares, bills receivables and book debts and all other movable assets both present and future, and additionally secured by way of second charge on all the immovable properties / fixed assets situated at Plot No. 237, 3133-3139, 3330-3351, 3231-3245 & 3517-3524, GIDC Panoli, Ankleshwar (Gujarat) and Udaisagar Road, Udaipur (Rajasthan) and on all the buildings, structures and Plant & Machinery situated at SPM 28, Jambusar (Gujarat) in favour of the consortium bankers. Carrying value of current and fixed assets pledged as securities is ₹ 85,565.74 lacs and ₹ 90,964.26 lacs respectively.

Working Capital Loan includes Foreign currency Loan (Buyers Credit Loan) amounting to Nil (March 31, 2016 Nil, April 01 2015 ₹ 434.37 lacs).

15(c) TRADE PAYABLES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Payables			
-Due to Micro and Small enterprises (Refer Note 37)	486.79	739.88	424.21
-Other Trade Payables	28,320.12	35,895.81	34,974.59
TOTAL	**28,806.91**	**36,635.69**	**35,398.80**

* Other Trade payables includes amount due to Subsidiary companies amounting to ₹ 29.04 lacs (March 31, 2016 ₹ 27.60 lacs, April 1, 2015 ₹ 22.97 lacs)

Notes to the Financial Statements

for the year ended March 31, 2017

15(d) OTHER FINANCIAL LIABILITIES

(₹ in lacs)

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee Payables*	-	-	-	4,039.21	3,691.28	2,582.32
Security Deposits from Dealers	1,701.63	1,657.21	1,518.85	-	-	-
Security Deposits from Contractors	17.50	42.75	19.00	27.25	5.50	31.25
Current maturities of long-term debt (Refer Note 15(a))	-	-	-	3,686.61	2,694.21	3,333.33
Interest accrued but not due on borrowings	-	-	-	27.29	27.54	0.66
Unclaimed dividends**	-	-	-	44.69	94.44	26.75
Creditors for Capital Purchases	-	-	-	3,553.79	2,216.98	2,877.70
Other Payable***(a)	-	-	-	10,873.55	9,076.39	7,941.50
TOTAL	**1,719.13**	**1,699.96**	**1,537.85**	**22,252.39**	**17,806.34**	**16,793.51**

* This includes due to Directors amounting to ₹ 685.80 lacs (March 31, 2016 ₹ 744.68 lacs, April 01 2015 ₹ 616.80 lacs

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

*** Includes payables relating to accrued liabilities and incentives payable on sales.

(a) This includes due to Non-executive/Independent Directors amounting to ₹ 100 lacs (March 31, 2016 : ₹ 75 lacs, April 1, 2015 : ₹ 72 lacs)

16 PROVISIONS

(₹ in lacs)

Particulars		Non- Current			Current		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for Employee Benefits*							
Compensated Absences		954.53	592.11	413.82	67.35	104.60	74.80
Gratuity		1,314.79	569.24	380.60	-	-	-
	A	**2,269.32**	**1,161.35**	**794.42**	**67.35**	**104.60**	**74.80**
Other Provisions		-	-	-	817.02	688.45	491.78
	B	**-**	**-**	**-**	**817.02**	**688.45**	**491.78**
TOTAL	**(A+B)**	**2,269.32**	**1,161.35**	**794.42**	**884.37**	**793.05**	**566.58**

(i) Information about Other Provisions

Legal claim

(a) In May 2010, an objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Company filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2017 total differential custom duty demand is ₹ 772.10 lacs (March 31, 2016 ₹ 643.53 lacs, April 01 2015 ₹ 446.86 lacs). Case is pending before Commissioner of Customs (Appeals), Mumbai.

(b) In March 1987, a notification issued by the Government of Rajasthan resulted into an excise liability of ₹ 44.92 lacs. The Company decided to file writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Rajasthan High Court.

Notes to the Financial Statements

for the year ended March 31, 2017

(ii) Movement in Other Provisions

(₹ in lacs)

Particulars	Legal claim
As at April 01 2015	491.78
Provisions made during the year	196.67
As at March 31, 2016	**688.45**
Provisions made during the year	128.57
As at March 31, 2017	**817.02**

* Refer Note 31 for movement in "Provision for Employee Benefits"

17 DEFERRED TAX (ASSETS)/LIABILITIES

(₹ in lacs)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
The balance comprises temporary differences attributable to:				
Deferred Tax Liabilities				
Plant, Property and Equipment		9,452.28	6,650.05	4,224.17
Intangible assets		139.21	138.07	83.53
Other comprehensive income items				
- Remeasurements on defined benefit plans		(223.71)	9.06	-
- Effective portion on Cash Flow Hedges		616.70	122.89	-
	A	**9984.48**	**6920.07**	**4307.70**
Deferred Tax Assets				
Provision for employee benefits		(575.91)	(421.76)	(257.82)
Other financial Liabilities		(132.38)	(148.59)	(41.69)
Trade receivables		(513.25)	(430.32)	(311.49)
Other financial assets		(225.67)	(191.64)	(139.77)
Others		(7.00)	(22.89)	(18.01)
MAT credit entitlement		(10,321.37)	(1,956.28)	-
	B	**(11,775.58)**	**(3,171.48)**	**(768.78)**
TOTAL	**(A+B)**	**(1,791.10)**	**3,748.59**	**3,538.92**

Movement in deferred tax:

(₹ in lacs)

Particulars	As at March 31, 2016	Recognised in P&L	Recognised in OCI	Other Adjustments*	As at March 31, 2017
Deferred Tax Liabilities					
Plant, Property and Equipment	6,650.05	2,802.23	-	-	9,452.28
Intangible assets	138.07	1.14	-	-	139.21
Other comprehensive income items				-	
- Remeasurements on defined benefit plans	9.06	-	(232.77)	-	(223.71)
- Effective portion on Cash Flow Hedges	122.89	-	493.81	-	616.70
Sub- Total (a)	**6,920.07**	**2,803.37**	**261.04**	**-**	**9,984.48**
Deferred Tax Assets					
Provision for employee benefits	421.76	154.15	-	-	575.91
Other financial Liabilities	148.59	(16.21)	-	-	132.38
Trade receivables	430.32	82.93	-	-	513.25
Other financial assets	191.64	34.03	-	-	225.67
Others	22.89	(15.89)	-	-	7.00
MAT Credit Entitlement	1,956.28	7,896.32	-	468.77	10,321.37
Sub- Total (b)	**3,171.48**	**8,135.33**	**-**	**468.77**	**11,775.58**
Net Deferred Tax Liability (a)-(b)	**3,748.59**	**(5,331.96)**	**261.04**	**(468.77)**	**(1,791.10)**

* It consists actualisation of MAT credit entitlement for the FY 2015-16 on the basis of tax return field.

Notes to the Financial Statements

for the year ended March 31, 2017

Movement in deferred tax:

(₹ in lacs)

Particulars	As at April 01, 2015	Recognised in P&L	Recognised in OCI	Other Adjustments*	As at March 31, 2016
Deferred Tax Liabilities					
Plant, Property and Equipment	4,224.17	2,425.88	-	-	6,650.05
Intangible assets	83.53	54.54	-	-	138.07
Other comprehensive income items					
- Remeasurements on defined benefit plans	-	-	9.06	-	9.06
- Effective portion on Cash Flow Hedges	-	-	122.89	-	122.89
Sub- Total (a)	**4,307.70**	**2,480.42**	**131.95**	**-**	**6,920.07**
Deferred Tax Assets					
Provision for employee benefits	257.82	163.94	-	-	421.76
Other financial Liabilities	41.69	106.90	-	-	148.59
Trade receivables	311.49	118.83	-	-	430.32
Other financial assets	139.77	51.87	-	-	191.64
Others	18.01	4.88	-	-	22.89
MAT Credit Entitlement	-	1,956.28	-	-	1,956.28
Sub- Total (b)	**768.78**	**2,402.70**	**-**	**-**	**3,171.48**
Net Deferred Tax Liability (a)-(b)	**3,538.92**	**77.72**	**131.95**	**-**	**3,748.59**

18 OTHER LIABILITIES

(₹ in lacs)

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance from Customers	-	-	-	1,980.88	1,829.61	2,214.41
Statutory Dues Payable *	-	-	-	1,209.88	1,019.19	910.52
TOTAL	**-**	**-**	**-**	**3,190.76**	**2,848.80**	**3,124.93**

* Includes accrued liabilities towards statutory dues.

19 CURRENT TAX LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for Income Tax {Net of Advance Tax (March 31, 2016 ₹ 37,997.69 lacs, April 01 2015 ₹ 28,616.94 lacs)}	-	886.14	1,352.98
TOTAL	**-**	**886.14**	**1,352.98**

20 REVENUE FROM OPERATIONS

(₹ in lacs)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	Revenue from Operations includes		
a)	**Sale of products (including Excise Duty)***	**235,034.29**	**217,487.36**
b)	**Sale of services**	**31.87**	**171.56**
c)	**Other operating revenues**		
	Scrap Sales	186.48	122.79
	Export Incentives	3,041.13	1,952.18
		3,227.61	**2,074.97**
	Revenue From Operations (Net) (a+b+c)	**238,293.77**	**219,733.89**

* The above amount includes Excise Duty of ₹ 10,647.91 lacs (₹ 10,107.07 lacs for previous year)

Notes to the Financial Statements

for the year ended March 31, 2017

21 OTHER INCOME

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income on Financial Assets at amortised cost	1,476.30	2,039.68
Unwinding of discount on Security Deposits	14.06	9.45
Net gain on sale of investments	61.77	-
Net gain on financial assets measured at fair value through profit or loss	243.11	-
Other Non-operating Income	133.97	59.47
Net gain on foreign currency transaction	1,652.72	1,377.03
TOTAL	**3,581.93**	**3,485.63**

22(a) COST OF MATERIALS CONSUMED

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the begining of the Financial year	19,100.51	19,002.92
Add : Purchases	112,002.60	111,187.49
Less : Inventories at the end of the Financial year	(18,138.04)	(19,100.51)
TOTAL	**112,965.07**	**111,089.90**

22(b) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in lacs)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
Inventories at the end of the Financial year				
Finished Goods	13,547.17		11,518.22	
Stock in trade	1,897.68		1,708.94	
Work in Progress	7,619.06	23,063.91	5,747.72	18,974.88
Inventories at the beginning of the Financial year				
Finished Goods	11,518.22		8,373.89	
Stock in trade	1,708.94		1,502.67	
Work in Progress	5,747.72	18,974.88	7,104.48	16,981.04
TOTAL		**(4,089.03)**		**(1,993.84)**

23 EMPLOYEE BENEFIT EXPENSE

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages and Bonus	18,952.40	16,595.87
Contribution to Provident & other funds	788.45	713.77
Gratuity (Refer Note 31)	260.73	206.97
Long term compensated absences (Refer Note 31)	477.76	249.99
Employees Welfare Expenses	715.36	715.79
Expense on Employee Stock Option Scheme (Refer Note 32)	843.06	659.68
TOTAL	**22,037.76**	**19,142.07**

Notes to the Financial Statements

for the year ended March 31, 2017

24 OTHER EXPENSES

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Power, Fuel & Water	6,886.17	6,058.52
Stores & Spares Consumed	2,810.47	2,016.64
Repairs & Maintenance to :		
- Buildings	157.40	117.74
- Plant & Machinery	319.36	251.72
- Other Repairs	942.22	610.25
Environment & Pollution Control expenses	4,395.21	5,472.59
Laboratory & Testing Charges	1,512.94	1,041.75
Freight & Cartage	2,824.57	3,803.33
Advertisement & Sales Promotion	3,941.40	3,287.72
Travelling & Conveyance	3,349.94	3,033.59
Rent	1,210.94	889.50
Rates, Taxes & Fees	552.15	332.57
Insurance	333.84	322.28
Donation	69.55	215.72
Loss on Sale/Retirement of property, plant and equipment (Net)	23.71	169.14
Auditor's Remuneration* (Refer Note 24(a))	42.40	42.03
Communication Expenses	486.76	399.45
Provision for Bad and Doubtful debts & Advances	349.56	576.38
Director Sitting Fees & Commission	117.32	88.28
Legal & Professional Expenses	1,752.45	905.52
Bank Charges	155.88	208.96
Contribution towards CSR Activities	695.00	514.30
Miscellaneous Expenses	1,318.16	1,361.60
TOTAL	**34,247.40**	**31,719.58**

a. Auditors' Remuneration

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
- Audit Fees	27.00	20.00
- Limited Review Fees	10.50	7.50
- Certificates & other matters	2.34	12.72
- Reimbursement of expenses	2.56	1.81
TOTAL	**42.40**	**42.03**

25 AMOUNT SPENT ON CSR ACTIVITIES

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a) Gross amount required to be spent by the Company during the year	695.00	514.30
b) Gross amount transferred to PI Foundation Trust for CSR activities*	695.00	514.30
c) Amount spent during the year		
Health, Hygiene and Sanitation	134.40	180.80
Education, Skill Development Programme and Livelihood enhancement	319.17	80.68
Engagement and empowerment of women	11.05	1.88
Environmental sustainability and conservation of natural resources	36.28	70.99
Promotion and development of traditional arts and handicrafts	-	29.50
Promote rural sports	2.50	2.50
Rural development projects	3.83	2.00
Training and capacity building of CSR team and administrative expenses	25.36	18.42
TOTAL	**532.59**	**386.77**

* The Company is doing its CSR expenditure through PI Foundation Trust.

Notes to the Financial Statements

for the year ended March 31, 2017

26 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on Property, Plant and Equipment (Refer Note 4)	7,121.54	5,279.77
Amortisation of Intangible Assets (Refer Note 5)	145.91	93.93
TOTAL	**7,267.45**	**5,373.70**

27 FINANCE COSTS

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest on financial liabilities measured at amortised cost	680.37	899.47
Other Borrowing Costs	39.47	60.34
TOTAL	**719.84**	**959.81**

28 INCOME TAX EXPENSE

a) Income tax recognised in Profit and Loss

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current tax expense		
Current tax on profits for the year	10,689.87	8,791.99
Adjustment of current tax for prior year periods	(447.06)	254.49
Deferred tax expense		
Origination and reversal of temporary differences	(5,331.96)	77.71
Income tax charged to profit and loss	**4,910.85**	**9,124.19**

b) Deferred tax related to items recognised in OCI during the year

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement on defined benefit plans	(232.77)	9.06
Effective portion on cash flow hedges	493.81	122.89
Income tax charged to OCI	**261.04**	**131.95**

c) Reconciliation of effective tax rate

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Accounting profit before tax	50,647.37	40,089.62
Tax at India's statutory income tax rate @ 34.608%	**17,528.04**	**13,874.22**
Adjustment in respect of current income tax of previous years	(447.06)	254.49
Adjustment in respect of interest under 234A/B/C of Income Tax Act	-	14.00
Effect of concessions (expenditure on new plant and machinery)	(273.58)	(1,252.38)
Effect of concessions (expenditure on research and development)	(2,425.79)	(1,774.17)
Effect of income that is exempt from taxation (operations in tax free zone)	(9,809.02)	(2,360.32)
Effect of amounts which are not deductible in calculating taxable income	338.26	368.35
Income Tax Expense	**4,910.85**	**9,124.19**

Notes to the Financial Statements

for the year ended March 31, 2017

29 RESEARCH & DEVELOPMENT EXPENSES

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

a) Revenue Expenditure

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Miscellaneous Income	3.71	-
TOTAL	**3.71**	**-**
Employee Benefit Expense		
Salaries, Wages & Bonus	1,646.59	1,087.00
Contributions to Provident & other funds	114.14	75.49
Employee Welfare Expenses	33.00	24.26
TOTAL	**1,793.73**	**1,186.75**
Raw & Packing Materials Consumed	**366.26**	**144.00**
Other Expenses		
Laboratory & Testing Charges	410.06	329.75
Power, Fuel & Water	217.29	48.79
Stores & Spares Consumed	353.47	168.37
Testing & Analysis	14.96	1.49
Travelling & Conveyance	94.64	71.79
Rates, Taxes & Fees	1.21	2.00
Printing & Stationery	3.98	2.35
Bank Charges	0.07	0.07
Legal & Professional Expenses	6.28	2.56
Miscellaneous Expenses	203.40	159.57
TOTAL	**1,305.36**	**786.74**
Depreciation		
Depreciation	525.74	194.52
TOTAL	**3,991.09**	**2,312.01**
Total Expenditure Allowed	**3,987.38**	**2,312.01**

b) Capital Expenditure

(₹ in lacs)

Description	March 31, 2016	Addition during the year	March 31, 2017
Buildings	2,868.63	1,454.95	4,323.58
Equipments & Others	4,502.54	3,849.23	8,351.77
TOTAL	**7,371.17**	**5,304.18**	**12,675.35**

Notes to the Financial Statements

for the year ended March 31, 2017

30 EARNINGS PER SHARE

(₹ in lacs)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a)	Net Profit for Basic & Diluted EPS	**45,736.52**	**30,965.43**
b)	Number of Equity Shares at the beginning of the year	137,127,222	136,576,182
	Add: Shares issued under ESOP scheme	459,402	551,040
	Total Number of Shares outstanding at the end of the year	**137,586,624**	**137,127,222**
	Weighted Average number of Equity Shares outstanding during the year - Basic	**137,326,086**	**136,831,321**
	Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	941,359	1,103,420
	Weighted Average number of Equity Shares outstanding during the year - Diluted	**138,267,445**	**137,934,741**
	Earning Per Share - Basic (₹)	33.31	22.63
	Earning per share - Diluted (₹)	33.08	22.45
	Face value per share (₹)	1	1

31 EMPLOYEE BENEFITS

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

Central provident fund

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

Gratuity Plan

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

Long term leave encashment

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

a) Defined Contribution Plans:-

The Company has recognised an expense of ₹ 788.45 lacs (Previous Year ₹ 713.77 lacs) towards the defined contribution plan.

Notes to the Financial Statements

for the year ended March 31, 2017

b) Defined benefits plans - as per actuarial valuation

(₹ in lacs)

	Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
		Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
		Funded	Non -Funded	Funded	Non -Funded
I.	**Change in present value of obligation during the year**				
	Present value of obligation at the beginning of the year	1,113.92	696.71	892.72	488.62
	Total amount included in profit and loss:				
	- Current Service Cost	227.71	244.46	148.26	148.55
	- Interest Cost	89.11	55.74	72.16	40.87
	- Past Service Cost	-	-	38.43	38.79
	Remeasurement related to long term employee benefit:				
	Actuarial losses/(gains) arising from:				
	- Demographic Assumption	-	(4.91)	-	-
	- Financial assumption	-	182.72	-	(13.39)
	- Experience Judgement	-	(0.26)	-	35.18
	Total amount included in OCI:				
	Remeasurement related to gratuity:				
	Actuarial losses/(gains) arising from:				
	- Demographic Assumption	(4.44)	-	-	-
	- Financial assumption	263.51	-	(22.89)	-
	- Experience Judgement	434.45	-	73.11	-
	Others				
	Benefits Paid	(511.05)	(152.58)	(87.87)	(41.91)
	Present Value of obligation as at year-end	**1,613.21**	**1,021.88**	**1,113.92**	**696.71**
II	**Change in Fair Value of Plan Assets during the year**				
	Plan assets at the beginning of the year	544.68	-	512.12	-
	Included in profit and loss:				
	Expected return on plan assets	43.57	-	39.69	-
	Included in OCI:				
	Actuarial Gain/(Loss) on plan assets	20.92	-	76.40	-
	Others:				
	Employer's contribution	199.97	-	-	-
	Benefits paid	(510.72)	-	(83.53)	-
	Plan assets at the end of the year	**298.42**	**-**	**544.68**	**-**

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd., whose pattern of investment is not available with the Company.

Inspired by Science

Notes to the Financial Statements

for the year ended March 31, 2017

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

(₹ in lacs)

	Particulars	Year ended March 31, 2017		Year ended March 31, 2016		Year ended April 01, 2015	
		Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
		Funded	Non -Funded	Funded	Non -Funded	Funded	Non -Funded
1	Present Value of obligation as at year-end	1,613.21	1,021.88	1,113.92	696.71	892.72	488.62
2	Fair value of plan assets at year -end	298.42	-	544.68	-	512.12	-
3	Funded status {Surplus/ (Deficit)}	(1,314.79)	(1,021.88)	(569.24)	(696.71)	(380.60)	(488.62)
	Net Asset/(Liability)	**(1,314.79)**	**(1,021.88)**	**(569.24)**	**(696.71)**	**(380.60)**	**(488.62)**

IV Bifurcation of net liability at the end of the year

(₹ in lacs)

	Particulars	Year ended March 31, 2017		Year ended March 31, 2016		Year ended April 01, 2015	
		Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
		Funded	Non -Funded	Funded	Non -Funded	Funded	Non -Funded
1	Current Liability	-	67.35	-	104.60	-	74.80
2	Non-Current Liability	1,314.79	954.53	569.24	592.11	380.60	413.82

V Actuarial Assumptions

1	Discount Rate	7.50%	7.50%	8.00%	8.00%	7.75%	7.75%
2	Expected rate of return on plan assets	7.50%	-	8.50%	-	8.50%	-
3	Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
4	Salary Escalation	7.00%	7.00%	5.50%	5.50%	5.50%	5.50%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 364.67 lacs.

VII Sensitivity Analysis

(₹ in lacs)

Gratuity	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (.50 % movement)	(74.33)	79.89	(47.74)	51.06
Future salary growth (.50 % movement)	79.89	(75.01)	52.06	(49.06)

(₹ in lacs)

Long term Compensated Absences	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (.50 % movement)	(51.16)	55.26	(29.27)	31.46
Future salary growth (.50 % movement)	51.16	(55.26)	32.07	(30.07)

Notes to the Financial Statements
for the year ended March 31, 2017

VIII Maturity Profile of Defined Benefit Obligation

(₹ in lacs)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non -Funded	Funded	Non -Funded
Within the next 12 months	-	67.35	-	104.60
Between 2-5 years	313.43	162.47	288.23	112.24
Beyond 5 years	1,299.78	792.06	825.69	479.87

IX Description of Risk Exposures:

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

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

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

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

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

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

32 SHARE BASED PAYMENTS

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

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

Key terms of the scheme

Date of Shareholder's Approval	21-Jan-11
Total Number of Options approved	6262090
Vesting Requirements	Options shall vest after a lock in period of one year from the date of grant. Option shall vest in four years as per the Company's ESOP plan
The Pricing Formula	10% discount to market price on NSE a day prior to date of grant.
Maximum term of Options granted	10 years
Method of Settlement	Shares
Source of shares	Primary-Fresh equity allotment by Company to the Trust
Variation in terms of ESOP	Nil

Notes to the Financial Statements

for the year ended March 31, 2017

I. Option Movement during the year ended Mar 2017

Particulars	March 31, 2017		March 31, 2016	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	1,559,507	243.69	2,023,684	146.61
Options Granted during the year	457,864	744.00	277,126	613.00
Options Forfeited / Surrendered during the year	154,116	203.31	139,940	193.37
Total number of shares arising as a result of exercise of options	503,177	160.79	601,363	98.64
Money realised by exercise of options (₹ in lacs)	809.06	NA	593.17	NA
Number of options Outstanding at the end of the year	1,360,078	447.36	1,559,507	243.69
Number of Options exercisable at the end of the year	191,883	139.83	228,134	41.16

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2017		March 31, 2016	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	84,884	2.58	116,405	3.58
75 to 150	397,689	6.14	889,364	6.58
150 to 450	181,154	6.91	293,979	7.38
450 to 750	696,351	7.45	259,759	8.30

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

(in ₹)

Particulars	March 31, 2017	March 31, 2016
Exercise price is less than market price	435.15	355.10

IV. The weighted average market price of options exercised during the year ended March 31, 2017 is ₹ 832.44. The weighted average market price of options exercised during the year ended March 31, 2016 is ₹ 630.06.

V. Method and Assumptions used to estimate the fair value of options granted during the year ended: The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

Variables	March 31, 2017	March 31, 2016
	Weighted Average	Weighted Average
1. Risk Free Interest Rate	6.67% to 6.89%	7.49% to 7.57%
2. Expected Life(in years)	4 to 7 years	4 to 7 years
3. Expected Volatility	39.02% to 40.52%	41.39% to 42.31%
4. Dividend Yield	0.37%	0.64%
5. Exercise Price (in ₹)	744.00	613.00
6. Price of the underlying share in market at the time of the option grant.(in ₹)	845.40	682.85

Notes to the Financial Statements

for the year ended March 31, 2017

VI. Assumptions:

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

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

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

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

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

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

(₹ in lacs)

VII.	Particulars	March 31, 2017	March 31, 2016
	Employee Option plan expense	843.06	659.68
	Total liability at the end of the period	1,413.19	1,097.30

33 CAPITAL & OTHER COMMITMENT

(₹ in lacs)

Particulars		March 31, 2017	March 31, 2016	April 01, 2015
a.	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 2,329.15 lacs (March 31, 2016 : ₹ 2,104.56 lacs, April 01 2015 ₹ 3,868.21 lacs)}	-	-	-
b.	Export Commitment	33,225.53	32,174.62	52,815.06
c.	Leases			

Operating lease commitments - As lessee

The Company has entered into a lease agreement with some of the parties for lease of corporate office & Vadodara office with lease term of 9 years. The lease rent would be increased by 12.5% and 15% respectively after every 3 years. Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
-Payable within one year	1,266.09	986.55	804.30
-Later than one year and not later than five years	2,414.58	2,423.24	1,674.58
-Later than five years	165.10	165.63	-
-Lease payments recognised in Statement of P&L	1,263.47	1,020.15	786.38

Finance lease commitments - As lessee

The Company has entered into finance lease for land in Panoli and Jambusar (Gujrat). Future minimum lease payments under finance leases for all the land is ₹ 225 per annum. For land in Panoli company has a renewal option for further 2 periods with 100% increase in lease rentals and for land in Jambusar company has a renewal option upon expiry as may be agreed between the parties or as may be determined by Development Committee from time to time. The amount of minimum lease payments and their present value is not material.

Notes to the Financial Statements

for the year ended March 31, 2017

34 CONTINGENT LIABILITIES

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
a. Claims against the company not acknowledged as debt;*			
- Sales Tax	373.96	304.94	124.42
- Excise Duty	262.96	225.50	310.50
- Income Tax	1,469.69	1,139.77	935.59
- ESI	6.09	6.09	6.09
- Other matters, including claims relating to customers and third parties etc.	138.11	-	-
b. Guarantees excluding financial guarantees;			
- Counter Guarantee to GIDC	-	32.85	32.85
- Bank Guarantees	1,854.07	1,542.37	1,842.63
c. Other money for which the Company is contingently liable;			
- Letter of Credit	4,152.52	10,342.59	11,378.19

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

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

35 OPERATING SEGMENT

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

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

I Revenue

A. Information about product revenues:

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016
Active Ingredients and Intermediates	147,203.32	133,291.13
Formulations	90,323.26	85,606.72
Others	767.19	836.04
TOTAL	**238,293.77**	**219,733.89**

B. Geographical Areas

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016
India	94,444.80	92,449.09
Asia	70,026.15	47,708.18
North America	54,064.40	48,059.82
Australia	2,788.16	16,125.45
Europe	12,679.19	13,244.95
Rest of the World	4,291.07	2,146.40
TOTAL	**238,293.77**	**219,733.89**

Notes to the Financial Statements

for the year ended March 31, 2017

C. Revenues from transactions with external customers amounted to more than 10% of the Company's revenues in one case.

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
India	105,182.35	98,074.37	71,870.40
Europe	37.29	46.15	42.27
TOTAL	**105,219.64**	**98,120.52**	**71,912.67**

36 RELATED PARTY DISCLOSURES

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

a) Nature of Related Party relationship

i Subsidiaries, Associates and Controlled Trust:

(a) PILL Finance and Investment Ltd.	Subsidiary
(b) PI Life Science Research Ltd.	Subsidiary
(c) PI Japan Co.Ltd.	Subsidiary
(d) Solinnos Agro Sciences Pvt. Ltd.	Associate
(e) PII ESOP Trust	Controlled Trust

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

(a) Key Management Personnel

Mr. Salil Singhal	Chairman & Managing Director (till August 21, 2016)
Mr. Mayank Singhal	Managing Director & CEO
Mr. Rajnish Sarna	Whole-Time Director
Mr. Narayan K. Seshadri	Non-executive Director (Chairman w.e.f. October 5, 2016)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (w.e.f. May 24, 2016)
Mr. Arvind Singhal	Non-executive Director (w.e.f. October 5, 2016)
Mr. Anurag Surana	Non-executive Director (till May 11, 2016)
Dr. Venkatrao S. Sohoni	Non-executive Director (till September 14, 2016)

(b) Relatives of Key Management Personnel

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

iii Entities controlled by KMP with whom transactions have taken place:

(a) Singhal Foundation; (b) PI Foundation

Notes to the Financial Statements

for the year ended March 31, 2017

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

(₹ in lacs)

Nature of Transaction	Type of relation	2016-17 Transactions during the period Recd/Pur.	2016-17 Transactions during the period Paid/Sales	2016-17 Balance outstanding Dr (Cr)	2015-16 Transactions during the period Recd/Pur.	2015-16 Transactions during the period Paid/Sales	2015-16 Balance outstanding Dr (Cr)
Compensation to KMP							
-Short term employee benefits		-	1,504.28		-	1,694.02	
-Post employment benefits*	a(ii)(a)	-	495.69		-	121.89	
-Commission and other benefits to non-executive/ independent directors		-	116.66		-	88.77	
Total		**-**	**2,116.63**	**(818.19)**	**-**	**1,904.68**	**(825.00)**
Other Transactions							
Purchase of services	a(i)(b)	326.12	-	-	266.19	-	-
	a(i)(c)	367.85	-	(29.04)	287.64	-	(27.60)
Sales of services	a(i)(d)	-	8.33	9.58	-	-	-
Rent & Power Cost	a(i)(b)	53.90	-	-	43.81		-
	a(i)(a)	-	0.54	-	-	0.54	-
	a(ii)(b)	-	18.38	-	-	16.79	-
Security Deposits	a(i)(a)	-	-	0.50	-	-	0.50
Loans Given	a(i)(e)	649.02	525.00	310.05	410.00	500.00	434.07
Interest	a(i)(e)	44.87	-	44.87	38.98	-	38.98
Travel & Other expenditure incurred	a(ii)(a)	-	318.85	32.38	-	289.82	5.32
	a(ii)(b)	-	37.52	(0.29)	-	-	-
Salary	a(ii)(b)	-	1.44	(0.24)	-	1.23	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	0.15	-	0.15	0.34	-	0.05
Contribution towards CSR Activities	a(iii)	-	695.00	-	-	514.30	-
Donation	a(iii)	-	50.00	-	-	90.70	-

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except loan given to PII ESOP Trust which carries an interest of 9% p.a.) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Financial Statements

for the year ended March 31, 2017

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

(₹ in lacs)

Particulars	March 31, 2017		March 31, 2016	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on March 31,	486.79	-	739.88	-
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	69.60	0.98	150.87	1.77
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-	-
Further interest remaining due and payable in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	-	-	-	-

38 FINANCIAL INSTRUMENTS

Financial instruments – Fair values and risk management

A. Financial instruments by category

(₹ in lacs)

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
Non-current Assets									
Loans	-	-	266.36	-	-	374.60	-	-	321.78
Other financial asset	-	-	257.36	-	-	478.31	-	-	217.53
Current Assets									
Investments	8,243.11	-	-	-	-	-	-	-	-
Trade receivables	-	-	42,371.16	-	-	39,775.06	-	-	38,055.36
Cash and cash equivalents	-	-	8,277.14	-	-	3,232.74	-	-	1,265.57
Bank balance other than cash and cash equivalents	-	-	3,842.89	-	-	1,151.90	-	-	910.14
Loans	-	-	1,417.48	-	-	1,319.51	-	-	1,398.43
Hedge Asset	-	2,985.00	-	-	543.39	-	-	188.30	-
Other financial assets	-	-	989.31	-	-	560.68	-	-	612.50
TOTAL	**8,243.11**	**2,985.00**	**57,421.70**	**-**	**543.39**	**46,892.80**	**-**	**188.30**	**42,781.31**
Financial Liabilities									
Non-current Liabilities									
Borrowings	-	-	8,296.73	-	-	12,244.26	-	-	1,666.67
Other financial Liabilities	-	-	1,719.13	-	-	1,699.96	-	-	1,537.85
Current liabilities									
Borrowings	-	-	-	-	-	199.01	-	-	6,479.37
Trade payables	-	-	28,806.91	-	-	36,635.69	-	-	35,398.80
Other financial liabilities	-	-	22,252.39	-	-	17,806.34	-	-	16,793.51
TOTAL	**-**	**-**	**61,075.16**	**-**	**-**	**68,585.26**	**-**	**-**	**61,876.20**

Notes to the Financial Statements

for the year ended March 31, 2017

B. Fair value hierarchy

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

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

(₹ in lacs)

Particulars	March 31, 2017			March 31, 2016			April 01 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets									
Investment in mutual funds	8,243.11	-	-	-	-	-	-	-	-
Hedge Asset	-	2,985.00	-	-	543.39	-	-	188.30	-
TOTAL	**8,243.11**	**2,985.00**	**-**	**-**	**543.39**	**-**	**-**	**188.30**	**-**

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

(₹ in lacs)

Particulars	March 31, 2017			March 31, 2016			April 01 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets									
Security deposits	-	-	178.95	-	-	125.04	-	-	79.55
TOTAL	**-**	**-**	**178.95**	**-**	**-**	**125.04**	**-**	**-**	**79.55**
Financial liabilities									
Security deposits from contractors	-	-	42.83	-	-	45.56	-	-	47.47
TOTAL	**-**	**-**	**42.83**	**-**	**-**	**45.56**	**-**	**-**	**47.47**

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

Fair value hierarchy

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

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

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

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

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

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Notes to the Financial Statements

for the year ended March 31, 2017

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management framework

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

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Credit risk

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

Trade and other receivables

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

The Company has established a credit policy under which each customer is analysed individually for creditworthiness before the Company's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority.

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

The Company computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Company uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward looking information.

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

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016
Opening balance	1,797.15	1,322.43
Changes in loss allowance	337.96	474.72
Closing balance	**2,135.11**	**1,797.15**

Notes to the Financial Statements

for the year ended March 31, 2017

Expected credit loss under simplified approach for Trade receivables and Interest & Other charges recoverable from customers

(₹ in lacs)

Ageing	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Ageing of Gross carrying amount			
Not due	30,961.80	28,100.51	26,464.90
0-090 days past due	8,050.19	8,342.32	8,769.26
091-180 days past due	3,769.04	3,619.53	2,937.35
181-270 days past due	537.81	407.75	636.43
271-365 days past due	251.57	263.29	82.20
More than 1 year past due	1,658.02	1,388.95	892.88
Gross carrying amount	**45,228.43**	**42,122.35**	**39,783.02**
Expected credited losses (Loss allowance provision)	2,135.11	1,797.15	1,322.43
Net Carrying amount	**43,093.32**	**40,325.20**	**38,460.59**

The incremental loss allowance provision created during the year ended March 31, 2017 is 0.14 % of the Revenue from operations (March 31, 2016 : 0.22 %)

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

Credit risk from balances with banks and other financial instruments is managed by Company in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management, and may be updated throughout the year.

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

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

Derivatives

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

Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognised represent the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2017, March 31, 2016 and April 1, 2015 was as follows:

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01 2015
Trade receivables	42,371.16	39,775.06	38,055.36
Cash and cash equivalents	8,277.14	3,232.74	1,265.57
Bank balances other than Cash and cash equivalents	3,842.89	1,151.90	910.14
Loans	1,683.84	1,694.11	1,720.21
Other financial assets	4,231.67	1,582.38	1,018.33
TOTAL	**60,406.70**	**47,436.19**	**42,969.61**

ii. Liquidity risk

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

Notes to the Financial Statements

for the year ended March 31, 2017

Management monitors rolling forecast of Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01 2015
Expiring within one year			
- Fund based (Floating rate)	18,499.80	18,302.31	12,021.00
- Non fund based (Fixed rate)	17,124.00	12,512.00	11,874.00

(b) Maturities of financial liabilities

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

(₹ in lacs)

March 31, 2017	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	12,043.57	926.43	2,779.29	3,705.71	4,632.14	-
Interest Accrued but not due on Borrowings	27.29	27.29	-	-	-	-
Trade Payables (Due to micro and small enterprises)	486.79	486.79	-	-	-	-
Trade Payables (Other Trade Payables)	28,320.12	24,155.21	4,164.91	-	-	-
Employee payables	4,039.21	2,032.81	2,006.40	-	-	-
Security Deposits from Dealers	1,701.63	-	-	-	-	1,701.63
Security Deposits from Contractors	44.75	16.25	11.00	14.50	1.00	2.00
Unclaimed Dividends	44.69	44.69	-	-	-	-
Creditor's for Capital Purchases	3,553.79	3,553.40	0.39	-	-	-
Other Payable	10,873.55	2,533.67	8,339.88	-	-	-
TOTAL	**61,135.39**	**33,776.54**	**17,301.87**	**3,720.21**	**4,633.14**	**1,703.63**

(₹ in lacs)

	Contractual cash flows					
March 31, 2016	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	15,017.80	883.40	1,829.90	3,786.00	8,518.50	-
Interest Accrued but not due on Borrowings	27.54	27.54	-	-	-	-
Working Capital Loans from Banks	199.01	199.01	-	-	-	-
Trade Payables (Due to micro and small enterprises)	739.88	739.88	-	-	-	-
Trade Payables (Other Trade Payables)	35,895.81	30,064.63	5,831.18	-	-	-
Employee payables	3,691.28	2,114.10	1,577.18	-	-	-
Security Deposits from Dealers	1,657.21	-	-	-	-	1,657.21
Security Deposits from Contractors	48.25	5.50	-	28.75	12.00	2.00
Unclaimed Dividends	94.44	94.44	-	-	-	-
Creditor's for Capital Purchases	2,216.98	2,216.98	-	-	-	-
Other Payable	9,076.39	1,899.10	7,177.29	-	-	-
TOTAL	**68,664.59**	**38,244.58**	**16,415.55**	**3,814.75**	**8,530.50**	**1,659.21**

Notes to the Financial Statements

for the year ended March 31, 2017

(₹ in lacs)

		Contractual cash flows				
April 01, 2015	**Total**	**3 months or less**	**3-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Term Loans from Banks	5,000.00	833.33	2,500.00	1,666.67	-	-
Interest Accrued but not due on Borrowings	0.66	0.66	-	-	-	-
Working Capital Loans from Banks	6,479.37	6,479.37	-	-	-	-
Trade Payables (Due to micro and small enterprises)	424.21	424.21	-	-	-	-
Trade Payables (Other Trade Payables)	34,974.59	31,944.58	3,030.01	-	-	-
Employee payables	2,582.32	1,743.03	839.29	-	-	-
Security Deposits from Dealers	1,518.85	-	-	-	-	1,518.85
Security Deposits from Contractors	50.25	19.75	11.50	8.00	9.00	2.00
Unclaimed Dividends	26.75	26.75	-	-	-	-
Creditor's for Capital Purchases	2,877.70	2,877.70	-	-	-	-
Other Payable	7,941.50	2,065.15	5,876.35	-	-	-
Total	**61,876.20**	**46,414.53**	**12,257.15**	**1,674.67**	**9.00**	**1,520.85**

iii. Market risk

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

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

Foreign Currency risk

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

The company's risk management policy is to hedge around 50% to 100% of the net exposure with forward exchange contracts, having a maturity of upto 12 months. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term requirements. Hedging decisions are based on rolling forex cash flow statement prepared and reviewed on a monthly basis. Such contracts are designated as cash flow hedges.

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

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

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Notes to the Financial Statements

for the year ended March 31, 2017

Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015 are as below:

Non derivative

(fig. in lacs)

Particulars	March 31, 2017					
	INR	USD	EURO	JPY	CHF	GBP
Financial assets						
Cash and cash equivalents (EEFC Account)	10.09	0.16	-	-	-	-
Trade receivables	22,147.98	325.67	14.55	35.00	-	-
TOTAL	**22,158.07**	**325.83**	**14.55**	**35.00**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	11,983.34	185.71	-	-	-	-
Trade payables	8,872.23	136.06	0.28	50.06	-	0.01
TOTAL	**20,855.57**	**321.77**	**0.28**	**50.06**	**-**	**0.01**

(fig. in lacs)

Particulars	March 31, 2016					
	INR	USD	EURO	JPY	CHF	GBP
Financial assets						
Cash and cash equivalents (EEFC Account)	895.57	13.52	-	-	-	-
Trade receivables	19,801.83	292.39	5.70	-	-	-
TOTAL	**20,697.40**	**305.91**	**5.70**	-	-	-
Financial liabilities						
Borrowings (Term Loan)	14,938.47	225.47	-	-	-	-
Trade payables	13,393.21	204.02	(1.52)	41.81	(0.49)	-
TOTAL	**28,331.68**	**429.49**	**(1.52)**	**41.81**	**(0.49)**	**-**

(fig. in lacs)

Particulars	April 01, 2015					
	INR	USD	EURO	JPY	CHF	GBP
Financial assets						
Cash and cash equivalents (EEFC Account)	429.65	6.87	-	-	-	-
Trade receivables	19,618.11	309.18	4.38	-	-	-
TOTAL	**20,047.76**	**316.05**	**4.38**	-	-	-
Financial liabilities						
Borrowings (Term Loan)	5,000.00	80.00	-	-	-	-
Buyers Credit	434.37	6.95	-	-	-	-
Trade payables	9,782.53	144.94	11.07	41.95	(0.20)	(0.31)
TOTAL	**15,216.90**	**231.89**	**11.07**	**41.95**	**(0.20)**	**(0.31)**

Notes to the Financial Statements

for the year ended March 31, 2017

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

INR	Year-end spot rate		
	March 31, 2017	March 31, 2016	April 01 2015
USD	64.85	66.26	62.50
EUR	69.29	75.40	67.19
JPY100	58.00	58.99	52.13
CHF	-	68.98	64.26
GBP	80.90	-	92.47

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in Foreign Currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2017				
1% movement				
USD	1.72	(1.72)	-	-
EUR	6.47	(6.47)	-	-
JPY100	(5.71)	5.71	-	-
TOTAL	**2.48**	**(2.48)**	**-**	**-**

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2016				
1% movement				
USD	(53.54)	53.54	-	-
EUR	3.56	(3.56)	-	-
JPY100	(16.13)	16.13	-	-
CHF	0.22	(0.22)	-	-
TOTAL	**(65.89)**	**65.89**	**-**	**-**

Interest rate risk

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

Exposure to interest rate risk

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Fixed-rate instruments			
Financial assets	11,896.34	3,559.66	1,296.04
Variable-rate instruments			
Financial liabilities	8,296.73	12,443.27	8,146.04
TOTAL	**20,193.07**	**16,002.93**	**9,442.08**

Notes to the Financial Statements

for the year ended March 31, 2017

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2017				
Variable-rate instruments	(39.38)	39.38	-	-
Cash flow sensitivity (net)	**(39.38)**	**39.38**	**-**	**-**
March 31, 2016				
Variable-rate instruments	(49.76)	49.76	-	-
Cash flow sensitivity (net)	**(49.76)**	**49.76**	**-**	**-**

iv) Price risk

The Company's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

v) Impact of Hedging activities

(a) Disclosure of hedge accounting on financial position

March 31, 2017						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹ in lacs)**	**Carrying value of hedging instrument * (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	67.00	53,292.60	2,985.00	April 2017 - February 2018	1:1	US$1: INR 70.11
March 31, 2016						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹ in lacs)**	**Carrying value of hedging instrument * (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	86.00	43,748.84	543.39	April 2016 - February 2017	1:1	US$1: INR 69.44
April 01, 2015						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (₹ in lacs)**	**Carrying value of hedging instrument * (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	70.00	29,777.48	188.30	April 2015 - February 2016	1:1	US$1: INR 65.62

* Refer Note No. 8(g)

Notes to the Financial Statements

for the year ended March 31, 2017

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

(₹ in lacs)

March 31, 2017				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and (loss)**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	3,401.26	-	1,974.40	Revenue

(₹ in lacs)

March 31, 2016				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and (loss)**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	313.13	-	(41.96)	Revenue

(c) Movement in the cash flow hedge reserve

(₹ in lacs)

Effective portion of Cash flow Hedges	
As at April 01 2015	188.30
Add: Effective portion of gains/(losses) on cash flow hedges	313.13
Less: Amount reclassified to profit and loss account	(41.96)
Less: Deferred tax relating to above	122.89
As at March 31, 2016	**420.50**
Add: Effective portion of gains/(losses) on cash flow hedges	3,401.26
Less: Amount reclassified to profit and loss account	1,974.40
Less: Deferred tax relating to above	493.81
As at March 31, 2017	**1,353.55**

(d) Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

(₹ in lacs)

Effect	**Profit or loss, net of tax**		**Impact on other components of equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
March 31, 2017				
1% movement				
USD	-	-	348.49	(348.49)
March 31, 2016				
1% movement				
USD	-	-	286.08	(286.08)

Notes to the Financial Statements

for the year ended March 31, 2017

40 CAPITAL MANAGEMENT

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

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

(₹ in lacs)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings (Non-current)		8,296.73	12,244.26	1,666.67
Borrowings (Current)		-	199.01	6,479.37
Total Debt	A	8,296.73	12,443.27	8,146.04
Total Equity	B	160,886.73	115,466.88	90,219.06
Debt to Equity ratio	A/B	0.05	0.11	0.09

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

41 EVENTS AFTER REPORTING DATE

Refer to Note 14 for the final dividend recommended by the Directors which is subject to the approval of shareholders in the ensuing annual general meeting.

42 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the company from April 1, 2017.

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The said amendment being only a disclosure requirement has not any impact either on the profit and loss for the period or any assets and liabilities recognised in the balance sheet.

43 FIRST TIME ADOPTION OF IND AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS statement of financial position at April 01 2015 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Ind AS optional exemptions:

(i) Property, plant and equipment & Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Notes to the Financial Statements

for the year ended March 31, 2017

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(ii) Investment in subsidiaries, joint ventures and associate

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investment in subsidiaries, joint ventures and associate as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its investments in subsidiaries at their previous GAAP carrying value.

(iii) Business combination

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date.

The Company has opted to restate business combinations on or after April 1, 2015.

(iv) Share based payment transactions

Ind AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives. A first-time adopter is encouraged, but is not required, to apply Ind AS 102 to: (i) equity instruments that vested before the date of transition to Ind AS, (ii) liabilities arising from share-based payment transactions that were settled before the date of transition to Ind AS. The Company has opted not to apply Ind AS 102 to the equity instruments vested before the date of transition.

(v) Long-term foreign currency monetary items

Under previous GAAP, paragraph 46/46A of AS 11 The Effects of Changes in Foreign Exchange Rates, provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets could be added/deducted from the cost of the depreciable asset, which would then be depreciated over the balance life of the asset. In other cases, the exchange difference could be accumulated in a foreign currency monetary item translation difference account, and amortised over the balance period of such long term asset/ liability. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has opted the said exemption.

(B) Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the

Notes to the Financial Statements

for the year ended March 31, 2017

supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 1, 2015 are reflected as hedges in the company's results under Ind AS

The company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the company continues to apply hedge accounting on and after the date of transition to Ind AS.

(iv) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the derecognition principles of Ind AS 109 prospectively.

(v) Impairment of financial assets

An entity shall determine an approximate credit risk at the date when the financial instrument were initially recognised and compare that to the credit risk at the date of transition to Ind AS. This should be based on reasonable and supportable information that is available without undue cost or effort. If the entity is unable to make this determination without undue cost or effort, it shall recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised.

C. Reconciliation of Equity

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(₹ in lacs)

	Particulars	Note No.	As at March 31, 2016			As at April 01, 2015		
			IGAAP *	Adjustments	IND AS	IGAAP *	Adjustments	IND AS
I	ASSETS							
1	**Non Current Assets**							
a	Property, Plant & Equipment	1	86,772.30	(84.48)	86,687.82	52,591.00	-	52,591.00
b	Capital work-in-progress		5,873.82	-	5,873.82	12,219.74	-	12,219.74
c	Other Intangible assets		485.05	-	485.05	311.08	-	311.08
d	Intangible assets under development		1,256.31	-	1,256.31	1,104.30	-	1,104.30
e	Financial Assets							
	(i) Investments		149.10	-	149.10	149.10	-	149.10
	(ii) Loans	2	423.51	(48.91)	374.60	353.96	(32.18)	321.78
	(iii) Others		478.31	-	478.31	217.53	-	217.53
f	Other non-current assets	2	3,799.46	9.20	3,808.66	5,672.64	8.93	5,681.57
2	**Current Assets**							
a	Inventories		39,480.35	-	39,480.35	37,821.15	-	37,821.15
b	Financial Assets							
	(i) Trade receivables	3	39,778.01	(2.95)	39,775.06	38,257.65	(202.29)	38,055.36
	(ii) Cash and cash equivalents		3,232.74	-	3,232.74	1,265.57	-	1,265.57
	(iii) Bank balances other than (ii) above		1,151.90	-	1,151.90	910.14	-	910.14
	(iv) Loans	2	1,320.02	(0.51)	1,319.51	1,398.85	(0.42)	1,398.43
	(v) Others	3	1,105.38	(1.31)	1,104.07	884.27	(83.47)	800.80

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for the year ended March 31, 2017

(₹ in lacs)

Particulars			Note No.	As at March 31, 2016			As at April 01, 2015		
				IGAAP *	Adjustments	IND AS	IGAAP *	Adjustments	IND AS
c	Other current assets		2	8,276.19	36.58	8,312.77	8,604.70	20.84	8,625.54
	TOTAL			**193,582.45**		**193,490.07**	**161,761.68**		**161,473.09**
II	**EQUITY & LIABILITIES**								
1	**Equity**								
a	Equity Share Capital			1,371.27	-	1,371.27	1,365.76	-	1,365.76
b	Other Equity		1,2,3,4,5,6,7	114,209.16	(113.55)	114,095.61	86,887.02	1,966.28	88,853.30
2	**Non Current Liabilities**								
a	Financial Liabilities								
	(i)	Borrowings	1	12,304.50	(60.24)	12,244.26	1,666.67	-	1,666.67
	(ii)	Other financial liabilities		1,699.96	-	1,699.96	1,537.85	-	1,537.85
b	Provisions			1,161.35	-	1,161.35	794.42	-	794.42
c	Deferred tax liabilities (Net)		6	3,648.09	100.50	3,748.59	3,654.77	(115.85)	3,538.92
3	**Current Liabilities**								
a	Financial Liabilities								
	(i)	Borrowings		199.01	-	199.01	6,479.37	-	6,479.37
	(ii)	Trade payables		36,635.69	-	36,635.69	35,398.80	-	35,398.80
	(iii)	Other financial liabilities	1	17,825.43	(19.09)	17,806.34	16,793.51	-	16,793.51
b	Other current liabilities			2,848.80	-	2,848.80	3,124.93	-	3,124.93
c	Provisions		5	793.05	-	793.05	2,705.60	(2,139.02)	566.58
d	Current Tax Liabilities (Net)			886.14	-	886.14	1,352.98	-	1,352.98
	TOTAL			**193,582.45**		**193,490.07**	**161,761.68**		**161,473.09**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total comprehensive income for the year ended March 31, 2016

(₹ in lacs)

Particulars		Note No.	IGAAP *	Adjustments	IND AS
I.	**Revenue from Operations**	8	209,626.82	10,107.07	219,733.89
II.	**Other Income**	2	3,476.19	9.44	3,485.63
III.	**Total Revenue (I+II)**		**213,103.01**		**223,219.52**
IV.	**Expenses:**				
	Cost of materials consumed		111,089.90	-	111,089.90
	Purchase of Stock in Trade		6,731.61	-	6,731.61
	Changes in Inventories of finished goods, work in progress and stock in trade		(1,993.84)	-	(1,993.84)
	Excise Duty on sale of goods	8	-	10,107.07	10,107.07
	Employee benefit expense	4, 7	18,579.95	562.12	19,142.07
	Finance costs	1	952.74	7.07	959.81
	Depreciation and amortisation expense	1	5,376.00	(2.30)	5,373.70
	Other expenses	2, 3	31,990.43	(270.85)	31,719.58
	Total expenses		**172,726.79**		**183,129.90**
V.	**Profit Before Tax (III-IV)**		**40,376.22**		**40,089.62**
	Income Tax Expense				
	Current Tax		(9,046.48)	-	(9,046.48)
	Deferred Tax	6	6.67	(84.38)	(77.71)

Notes to the Financial Statements

for the year ended March 31, 2017

(₹ in lacs)

	Particulars	Note No.	IGAAP *	Adjustments	IND AS
	Total tax expense		**(9,039.81)**		**(9,124.19)**
VI.	**Profit for the period**		**31,336.41**		**30,965.43**
VII.	**Other comprehensive income**				
A	(i) Items that will not be reclassified to profit or loss				
	Remeasurements gains/losses defined benefit plans	7	-	26.18	26.18
	(ii) Income tax relating to the above item	6	-	(9.06)	(9.06)
B	(i) Items that will be reclassified to profit or loss				
	Effective portion of gains/(losses) on cash flow hedges	9	-	355.09	355.09
	(ii) Income tax relating to the above item	6	-	(122.89)	(122.89)
VIII.	**Total comprehensive income for the period (VI+VII)**		**31,336.41**		**31,214.75**

Reconcillation of Retained Earning as at March 31, 2016 and as at April 1, 2015 :

(₹ in lacs)

	Particulars	Note No.	March 31, 2016	April 01, 2015
	Total Retained Earnings as per previous GAAP		**81,887.74**	**58,799.23**
	Adjustments:			
(i)	Fair valuation of Employee Stock Option Plan	4	(1,201.18)	(665.24)
(ii)	Provision for expected credit losses on trade receivables	3	(4.28)	(285.77)
(iii)	Proposed Dividend on equity shares and Dividend Distribution Tax thereon	5	-	2,139.02
(iv)	Remeasurement of Security deposits at amortised cost	2	(3.63)	(2.82)
(v)	Capitalisation reversal of processing costs on Long Term Loan	1	(5.15)	-
(vi)	Deferred tax impact on Ind AS adjustments	6	22.40	115.85
	Total Adjustments		**(1,191.84)**	**1,301.04**
	Net retained earnings as per Ind AS		**80,695.90**	**60,100.27**

D. Notes to first-time adoption:

1. Property, Plant and Equipment:

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP the Company capitalised processing costs on borrowings as incurred. At the date of transition, the Company elected to defer processing costs over the expected life of the borrowings which were outstanding on the date of transition. Accordingly as at March 31, 2016, the value of property, plant and equipment was decreased by ₹ 84.48 lacs and term loan decreased by ₹ 79.33 lacs. In statement of profit and loss for the year ended March 31, 2016 finance cost has increased by ₹ 7.07 lacs and depreciation has reduced by ₹ 1.92 lacs.

2. Security deposits

Under previous GAAP the Company has carried Security deposits paid to various authorities at cost, while as per Ind AS these are financial assets, and need to be measured at amortised cost using the effective interest rate method less any impairment losses. The company has applied effective interest rate method to those deposits retrospectively which has resulted in a decrease in the value of deposit by ₹ 49.42 lacs as at March 31, 2016 (₹ 32.60 lacs as at April 1, 2015) and creation of a prepaid expense asset by ₹ 45.78 lacs as at March 31, 2016 (₹ 29.77 lacs as at April 1, 2015). As at April 1, 2015 the balance of retained earnings reduced by ₹ 2.82 lacs. In statement of profit and loss for the year ended March 31, 2016 rent expense has increased by ₹ 10.26 lacs and interest income has reduced by ₹ 9.44 lacs.

3. Trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by ₹ 4.28 lacs as at March 31, 2016 (April 1, 2015 ₹ 285.77 lacs). As at April 1, 2015 the balance of retained earnings reduced by ₹ 285.77 lacs. In statement of profit and loss for the year ended March 31, 2016 provision for bad and doubtful debts expense has decreased by ₹ 281.49 lacs.

Notes to the Financial Statements

for the year ended March 31, 2017

4. **Share based payments**

   Under Indian GAAP, the Company recognised only the intrinsic value of the stock options given under Employee Stock Option Plan (ESOP) as an expense. Ind AS requires the fair value of share options to be determined using an appropriate pricing model for the purpose of recognizing expense over the vesting period. Accordingly, a charge of ₹ 665.24 lacs based on fair value of such options outstanding as unvested as at April 1, 2015 has been recognised as a separate component of equity against retained earnings. In statement of profit and loss for the year ended March 31, 2016 employee compensation expense due to fair valuation of options increased by ₹ 535.94 lacs.

5. **Short term provisions**

   Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Therefore, the liability of ₹ 2,139.02 lacs (including dividend distribution tax) for financial year 2014-15 has been derecognised against retained earnings.

6. **Deferred tax**

   Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP.

   In addition, the various transitional adjustments lead to different temporary differences resulting in recognition of deferred tax. Deferred tax assets of ₹ 115.85 lacs were created as at April 1, 2015 due to Ind AS adjustments and correspondingly balance of retained earnings increased. For the year ended March 31, 2016 deferred tax expense recognised in statement of profit and loss was increased by ₹ 84.38 lacs and in other comprehensive income increased by ₹ 131.95 lacs..

7. **Remeasurements of post-employment benefit obligations**

   Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by ₹ 26.18 lacs. There is no impact on the total equity as at March 31, 2016.

8. **Excise duty**

   Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 10,107.07 lacs. There is no impact on the total equity and profit.

9. **Effective portion of cash flow hedge reserve**

   Under Ind AS, effective portion of cash flow hedge reserve are recognised in other comprehensive income. As a result, income recognised in other comprehensive income for the year ended March 31, 2016 is ₹ 355.09 lacs. There is no impact on the total equity as at March 31, 2016.

10. There is no significant reconciliation items between cash flow prepared under Previous GAAP and those prepared under Ind AS.

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Independent Auditor's Report

To
The Members
PI Industries Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **PI INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flowsand Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act")that give a true and fair view of the consolidated state of affairs(financial position), consolidated profit or loss(financial performance including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and of its associateare responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associateand for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) ofthe Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us, the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below and unaudited financial statement as certified by the management referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the report of the other auditors on financial statements and on the other financial information of subsidiaries and its associate referred to in sub-paragraph (a) of the Other Matters paragraph and unaudited financial statement as certified by the management referred to in sub-paragraph (b) of the Other Matters paragraph , the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (financial position)of the Group and its associate as at March 31, 2017, and their consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in the equity for the year then ended.

Other Matters

(a) We did not audit the financial statements of two subsidiaries, whose financial statement reflect total assets of ₹ 1890.77 Lacs and total net assets of ₹ 1862.25 Lacs as at March 31, 2017 total revenue of ₹ 464.69 Lacs, net cash outflow of ₹ 9.53 Lacs total net profit of ₹ 195.14 Lacs (Including the Group share of net loss of ₹ 9.25 Lacs in one associate of subsidiary)and other comprehensive loss of ₹ 0.18 Lacs for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements. These Ind AS financial statements have been audited by the other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and its associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act , in so far as it relates to the aforesaid subsidiaries and its associate, is based solely on the report of other auditors.

(b) The financial statement of one subsidiary namely PI Japan Co. Ltd., whose financial statement reflect total assets of ₹ 144.95 Lacs as at March 31, 2017, total net assets of ₹ 121.35 Lacs, total revenue of ₹ 365.84 Lacs net cash out flow ₹ 8.69 Lacs and total net profit of ₹ 12.45 Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements,have not been audited by us or any other auditors and has been certified by Public Tax Accountant and their Directors whose certificate has been furnished to us and converted by the Management as per the requirement of Indian Accounting Standards and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such financial statement certified by Public Tax Accountant, their Directors and converted financial statement certified by the management.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on consideration of the report of the other auditors on financial statements and the other financial information of subsidiaries and its associate referred to in sub-paragraph (a) of the Other Matters paragraph and unaudited financial statement as certified by the management as referred to in sub-paragraph (b) of the Other Matters paragraph, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books ,the reports of the other auditors and certificate received from the management as referred in sub-paragraph (b) of the 'Other Matters' paragraph .

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss(Including Other Comprehensive Income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies including its associate company incorporated in India,none of the directors of the Group Companies and its associate company incorporated in India is disqualified as on March 31, 2017 from being appointed as a Director of that company in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its associate company incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure 'A'.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on consideration of the report of the other auditors on financial statements and also the other financial information of subsidiaries and its associate referred to in sub-paragraph (a) of the Other Matters paragraph and unaudited financial statement as certified by the management referred to in sub-paragraph (b) of the Other Matters paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate– Refer Note No 35 to the consolidated Ind AS financial statements.

ii. The Group and its associate has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long term derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company,its subsidiary companies and its associate company incorporated in India.

iv. The Group and its associate company has provided requisite disclosures in its Consolidated Ind AS financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016, on the basis of information available with the Group and its associate company. Based on the audit procedure, and relying on management's representation, we report that disclosures are in accordancewith the books of accounts maintained by the Group and its associate company. Refer note 8(e) of the consolidated Ind AS financial statements.

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Yogesh K. Gupta
Partner
Membership No.: 093214

Place : Gurugram
Dated : May 16, 2017

Annexure A to the Independent Auditor's Report of even date to the members of PI Industries Limited (Holding Company) on its Consolidated Ind AS Financial Statements

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **PI INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph,the Holding Company, its subsidiary companies and its associate Company which are companies in corporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the two subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India .

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No. 000756N

Sd/-
Yogesh K. Gupta
Partner
Membership No.: 093214

Place : Gurugram
Dated : May 16, 2017

Consolidated Balance Sheet

as at March 31, 2017

(₹ in lacs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
I ASSETS				
1 Non-current Assets				
a Property, Plant & Equipment	4	93,760.23	86,931.73	52,888.55
b Capital work-in-progress	6	5,834.66	5,873.82	12,219.74
c Other Intangible assets	5	740.58	485.05	311.08
d Intangible assets under development	6	1,897.18	1,256.31	1,104.30
e Investments in Associates	9(b)	42.20	-	-
f Financial Assets				
(i) Investments	8(a)	44.01	32.33	38.91
(ii) Loans	8(c)	281.45	390.01	335.36
(iii) Other financial assets	8(g)	560.25	478.31	217.53
g Deferred tax assets (Net)	18	1,981.46	-	-
h Other non-current assets	11	3,207.08	3,812.62	5,681.57
Total non-current assets		**108,349.10**	**99,260.18**	**72,797.04**
2 Current Assets				
a Inventories	10	43,194.58	39,480.35	37,821.15
b Financial Assets				
(i) Investments	8(b)	8,243.11	-	-
(ii) Trade receivables	8(d)	42,371.16	39,775.06	38,055.36
(iii) Cash and cash equivalents	8(e)	8,443.69	3,417.50	1,832.36
(iv) Bank balances other than (iii) above	8(f)	4,820.20	2,181.67	1,364.94
(v) Loans	8(c)	1,429.80	1,321.27	1,398.43
(vi) Other financial assets	8(g)	3,974.31	1,104.07	800.80
c Current Tax Assets (Net)	12	492.00	-	-
d Other current assets	11	8,822.20	8,320.38	8,633.17
Total current assets		**121,791.05**	**95,600.30**	**89,906.21**
Total assets		**230,140.15**	**194,860.48**	**162,703.25**
II EQUITY & LIABILITIES				
1 Equity				
a Equity Share Capital	13	1,375.87	1,371.27	1,365.76
b Other Equity	14	161,341.98	115,721.11	90,280.72
Total Equity		**162,717.85**	**117,092.38**	**91,646.48**
2 Non Current Liabilities				
a Financial Liabilities				
(i) Borrowings	16(a)	8,296.73	12,244.26	1,666.67
(ii) Other financial liabilities	16(d)	1,719.13	1,699.96	1,537.85
b Provisions	17	2,272.30	1,162.66	795.29
c Deferred tax liabilities (Net)	18	-	3,529.61	3,356.58
Total non-current liabilities		**12,288.16**	**18,636.49**	**7,356.39**
3 Current Liabilities				
a Financial Liabilities				
(i) Borrowings	16(b)	-	199.01	6,479.37
(ii) Trade payables	16(c)	28,778.51	36,609.33	35,378.09
(iii) Other financial liabilities	16(d)	22,279.76	17,830.11	16,813.53
b Other current liabilities	19	3,191.39	2,849.01	3,125.14
c Provisions	17	884.48	793.12	566.63
d Current Tax Liabilities (Net)	20	-	851.03	1,337.62
Total current liabilities		**55,134.14**	**59,131.61**	**63,700.38**
Total equity and liabilities		**230,140.15**	**194,860.48**	**162,703.25**
Notes to Accounts	1 to 45			

Accompanying notes referred to above formed the integral part of the financial statement

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Consolidated Profit & Loss

for the year ended March 31, 2017

(₹ in lacs)

Particulars		Note	For the year ended March 31, 2017	For the year ended March 31, 2016
I.	**Revenue from operations**	21	238,330.87	219,741.65
II.	**Other income**	22	3,661.58	3,546.75
III.	**Total income (I+II)**		**241,992.45**	**223,288.40**
IV.	**Expenses:**			
	Cost of materials consumed	23 (a)	112,975.27	111,114.32
	Purchase of stock in trade		7,431.93	6,731.61
	Changes in Inventories of finished goods, work in progress and stock in trade	23 (b)	(4,089.03)	(1,993.84)
	Excise duty on sale of goods		10,647.91	10,107.07
	Employee benefit expense	24	22,261.66	19,307.86
	Finance costs	28	720.54	959.81
	Depreciation and amortisation expense	27	7,304.07	5,427.60
	Other expenses	25	33,777.23	31,351.34
	Total expenses		**191,029.58**	**183,005.77**
V.	**Share of Loss of associates**	9(b)	9.25	-
VI.	**Profit before tax (III-IV-V)**		**50,953.62**	**40,282.63**
	Income Tax Expense	29		
	Current tax		(10,346.00)	(9,090.79)
	Deferred Tax		5,336.50	(36.65)
	Total tax expense		**(5,009.50)**	**(9,127.44)**
VII.	**Profit for the period**		**45,944.12**	**31,155.19**
VIII.	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss Remeasurements gains/(losses) on defined benefit plans		(672.86)	26.32
	(ii) Income tax relating to the above items		232.86	(9.11)
	B (i) Items that will be reclassified to profit or loss			
	Effective portion of gains/(losses) on cash flow hedges		1,426.86	355.09
	Exchange difference on translation of foreign operations		(2.75)	12.59
	(ii) Income tax relating to the above items		(492.85)	(127.25)
IX.	**Total comprehensive income for the period (VII+VIII)**		**46,435.38**	**31,412.83**
X.	**Earnings per Equity Share**	31		
	1) Basic (in ₹)		33.46	22.77
	2) Diluted (in ₹)		33.23	22.59
	Face value per share (in ₹)		1	1
	Notes to Accounts	1 to 45		

Accompanying notes referred to above formed the integral part of the financial statement

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Statement of Changes in Consolidated Equity

for the year ended March 31, 2017

a. Equity share capital

(₹ in lacs)

Particulars	Note No.	As at March 31, 2017		As at March 31, 2016	
		No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	13	137,127,222	1,371.27	136,576,182	1,365.76
Changes in equity share capital during the year		459,402	4.60	551,040	5.51
Balance at the end of the reporting period		**137,586,624**	**1,375.87**	**137,127,222**	**1,371.27**

b. Other equity

(₹ in lacs)

Particulars	Note No.	Reserves & Surplus						Other items of OCI		
		Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Share Option Outstanding Account	General Reserve	Retained earnings	Effective portion of Cash flow Hedges	Foreign Currency Translation Reserve	Total Equity
Balance at April 1, 2015		148.88	35.00	16,765.07	791.70	10,859.08	61,492.69	188.30	-	**90,280.72**
Profit for the year		-	-	-	-	-	31,155.19	-	-	**31,155.19**
Other comprehensive income for the year	14 f,g,h.	-	-	-	-	-	17.21	232.20	8.23	**257.64**
Total comprehensive income for the year		-	-	-	-	-	31,172.40	232.20	8.23	**31,412.83**
Transactions with owners in their capacity as owners:										
Premium on issue of Equity Shares through ESOP	14 c.	-	-	975.24	-	-	-	-	-	**975.24**
Shares issued under ESOP scheme	14 d.	-	-	-	(354.08)	-	-	-	-	**(354.08)**
Expense on Employee Stock Option Scheme	14 d.	-	-	-	659.68	-	-	-	-	**659.68**
Dividend paid	15	-	-	-	-	-	(6,026.43)	-	-	**(6,026.43)**
Dividend Distribution Tax (DDT)	15	-	-	-	-	-	(1,226.85)	-	-	**(1,226.85)**
Transfer to General Reserve	14 e,f.	-	-	-	-	3,133.64	(3,133.64)	-	-	**-**
Balance at March 31, 2016		**148.88**	**35.00**	**17,740.31**	**1,097.30**	**13,992.72**	**82,278.17**	**420.50**	**8.23**	**115,721.11**
Profit for the year		-	-	-	-	-	45,944.12	-	-	**45,944.12**
Other comprehensive income for the year	14 f,g,h.	-	-	-	-	-	(440.00)	933.05	(1.80)	**491.25**
Total comprehensive income for the year		-	-	-	-	-	45,504.12	933.05	(1.80)	**46,435.37**
Transactions with owners in their capacity as owners:										
Premium on issue of Equity Shares through ESOP	14 c.	-	-	1,353.55	-	-	-	-	-	**1,353.55**
Shares issued under ESOP scheme	14 d.	-	-	-	(527.17)	-	-	-	-	**(527.17)**
Expense on Employee Stock Option Scheme	14 d.	-	-	-	843.06	-	-	-	-	**843.06**
Dividend paid	15	-	-	-	-	-	(2,063.80)	-	-	**(2,063.80)**
Dividend Distribution Tax (DDT)	15	-	-	-	-	-	(420.14)	-	-	**(420.14)**
Transfer to General Reserve	14 e,f.	-	-	-	-	4,573.66	(4,573.66)	-	-	**-**
Balance at March 31, 2017		**148.88**	**35.00**	**19,093.86**	**1,413.19**	**18,566.38**	**120,724.69**	**1,353.55**	**6.43**	**161,341.98**

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Consolidated Statement of Cash Flows

for the year ended March 31, 2017

(₹ in lacs)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	**50,953.62**	**40,282.63**
	Adjustments for :-		
	Depreciation and amortisation expense	7,304.07	5,427.60
	Finance costs	720.54	959.81
	Provision for Bad and Doubtful debts & Advances	349.56	576.38
	Interest Income on Financial Assets at amortised cost	(1,565.19)	(2,119.35)
	Unwinding of discount on Security Deposits	(14.06)	(9.45)
	Dividend Income from Investment at fair value through profit or loss	(0.35)	(0.32)
	Expense on Employee Stock Option Scheme	843.06	659.68
	(Gain)/Loss on Sale/Retirement of Property, plant & equipment (Net)	24.51	169.14
	(Gain)/Loss on sale of Investments (Net)	(61.77)	-
	(Gain)/Loss on financial assets measured at fair value through profit or loss (Net)	(254.80)	6.57
	Share of (Profit)/Loss of associates	9.25	-
	Unrealised (Gain)/Loss on foreign currency transactions (Net)	46.11	89.05
	Exchange difference on translation of foreign operations	(2.75)	12.59
	Operating Profit before Working Capital changes	**58,351.80**	**46,054.33**
	(Increase) / Decrease in Trade Receivables	(3,902.47)	(2,426.45)
	(Increase) / Decrease in Current financial assets - Loans	(94.47)	86.61
	(Increase) / Decrease in Non-current financial assets - Loans	108.56	(54.65)
	(Increase) / Decrease in Other current financial assets	(270.35)	(312.36)
	(Increase) / Decrease in Other non-current financial assets	(18.17)	(19.98)
	(Increase) / Decrease in Other current assets	(509.54)	311.47
	(Increase) / Decrease in Other non-current assets	825.19	107.84
	(Increase)/Decrease in Inventories	(3,714.23)	(1,659.20)
	Increase / (Decrease) in Current Provisions/ Trade Payables	(8,409.89)	1,695.53
	Increase / (Decrease) in Non-current Provisions	1,109.64	367.37
	Increase / (Decrease) in Other current financial liabilities	2,170.44	2,221.85
	Increase / (Decrease) in Other non-current financial liabilities	19.17	162.11
	Increase / (Decrease) in Other current liabilities	342.38	(276.13)
	Cash generated from Operations before tax	**46,008.06**	**46,258.34**
	Income Taxes paid	(12,123.54)	(9,577.39)
	Net cash inflow (outflow) from Operating Activities	**33,884.52**	**36,680.95**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Payments for purchase of property, plant & equipment including Capital Work in Progress, Intangible Assets and Capital Advances	(14,188.41)	(32,149.39)
	Proceeds from sale of property, plant & equipment	59.76	269.25
	Payments for Investment in Associate	(51.45)	-
	Purchase and Sale of Current Investments	(10,899.80)	(574.96)
	Interest Received	1,565.19	2,119.35
	Dividend Received	0.35	0.32
	Net cash used in Investing Activities	**(23,514.36)**	**(30,335.43)**
	Net cash inflow (outflow) from Operating and Investing Activities	**10,370.16**	**6,345.52**

Consolidated Statement of Cash Flows

for the year ended March 31, 2017

(₹ in lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share capital	4.60	5.51
Premium on issue of Equity Shares through ESOP	1,353.55	975.24
Employee Stock option allotted	(527.17)	(354.08)
Short Term Borrowings (Net)	(246.09)	(6,498.50)
Proceeds from Borrowings - Term Loan	-	12,956.66
Repayment of Borrowings - Term Loan	(2,724.13)	(3,584.07)
Interest paid (Net)	(720.79)	(1,007.21)
Dividends paid (including Tax)	(2,483.94)	(7,253.28)
Net Cash inflow (outflow) from Financing activities	**(5,343.97)**	**(4,759.73)**
Net Cash inflow (outflow) from Operating, Investing & Financing Activities	**5,026.19**	**1,585.79**
Effect of exchange differences on translation of foreign currency Cash & Cash equivalents	-	(0.65)
Net increase (decrease) in Cash & Cash equivalents	**5,026.19**	**1,585.14**
Opening balance of Cash & Cash equivalents	**3,417.50**	**1,832.36**
Closing balance of Cash & Cash equivalents	**8,443.69**	**3,417.50**
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (Refer Note No. 8(e)):-		
i) Cash on Hand	6.26	8.72
ii) Balance with Banks :		
- In Current Accounts	715.23	1,408.48
- In Fixed Deposits	7,722.20	2,000.30
Total	**8,443.69**	**3,417.50**

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

1 CORPORATE INFORMATION

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

These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as "the Group") and the Group's interest in associates. PI is a leading player in the field of Agri Sciences having strong presence in both Domestic and Export market. It has three manufacturing facilities in Gujrat and a Research & Development centre at Udaipur. The principal activities of the subsidiaries are Research and Development, Market Research and Investment.

2 BASIS OF PREPARATION

a) Statement of compliance

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

The financial statement up to year ended March 31, 2016 were prepared in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and other relevant provisions of the Act.

As these are the Group's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 45.

These financial statements were authorised for issue by the Board of Directors on May 16, 2017.

b) Basis of measurement

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

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

c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest lacs, unless otherwise indicated.

d) Current or Non current classification

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

e) Use of judgements and estimates

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

a) Property, plant and equipment

a) Recognition and measurement

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

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

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

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

b) **Transition to Ind AS**

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

c) **Depreciation**

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

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

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

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

Leasehold land and Cost of improvement on leasehold building is being amortised over the lease period.

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

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

b) Intangible assets

a) **Recognition and measurement**

<u>Intangible assets acquired separately</u>

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

<u>Internally generated intangible assets</u>

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

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

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

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

b) Transition to Ind AS

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

c) Amortisation

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

The estimated useful lives are as follows:

Software	6 years
Product development	5 years

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

c) Impairment of non-financial assets

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

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

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

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

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

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

d) Financial instruments

a) **Initial recognition**

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

b) **Subsequent measurement**

(i) Financial assets carried at amortised cost

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss.

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

(iii) Financial assets at fair value through profit or loss

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

(iv) Financial liabilities

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

c) Impairment of financial assets

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

With regard to trade receivable, the Group applies the simplified approach (Refer Note No. 41(i)), which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

d) Derecognition

Financial Assets

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

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

Financial Liabilities

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

e) Reclassification of Financial Assets and Financial Liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

f) Derivative financial instruments

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

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recorded in the Group's hedging reserve as a component of equity through OCI and later reclassified to profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. The ineffective portion of such cash flow hedges is recorded in the income statement as finance costs immediately.

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

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

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

g) Offsetting

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

e) Fair value measurement

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

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

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

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

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

f) Inventories

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

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

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

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

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.

g) Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent

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liabilities are not recognised but are disclosed in notes.

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

h) Revenue Recognition

a) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods to the degree usually associated with the ownership, and the amount of revenue can be measured reliably, regardless of when the payment is being made. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discounts and volume rebates.

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

b) Sale of services

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

c) Interest Income

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

d) Dividends

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

i) Employee Benefits

a) **Short term employee benefits**

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

b) **Defined contribution plans**

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

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

c) **Defined benefit plans**

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

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

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

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net

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for the year ended March 31, 2017

defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

d) **Other long-term employee benefits**

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

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

j) **Foreign currency transactions**

Initial recognition:

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

Conversion:

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

Exchange difference:

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

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

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

k) **Borrowing costs**

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

l) **Income tax**

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

a) **Current tax**

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

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

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

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

b) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the forseeable future.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

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

m) Segment Reporting

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

The Management Advisory Committee of the Company has been identified as the CODM by the Group. Refer Note 36 for Segment disclosure.

n) Cash and cash equivalents

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

o) Cash flow statement

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

p) Lease

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

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

Group as lessee under finance lease

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

Lease payments are apportioned between the finance expenses and the reduction of the lease

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

Group as lessee under operating lease

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

q) Share-based payment transactions

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

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

r) Earning per share

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

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

s) Basis of consolidation

Subsidiaries

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

The financial statements of the parent and its subsidiaries are prepared by line by line adding together like items of assets, liabilities, equity, income and expenses. Inter -Company balances and transactions, and any unrealised gains arising from inter-company transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	% voting power held as at March 31st, 2017
PILL Finance & Investment Limited	India	100%
PI Life Science Research Limited	India	100%
PI Japan Co. Ltd.	Japan	100%

Equity accounted investees

An associate is an entity in which the Group has significant influence, but not control or joint control.

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

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

Foreign operation

The assets and liabilities of foreign operations (subsidiaries, branches) are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

In accordance with Ind AS 101, the Group has elected to deem foreign currency translation differences that arose prior to the date of transition to Ind AS, i.e. April 1, 2015, in respect of all foreign operations to be nil at the date of transition. From April 1, 2015 onwards, such exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation).

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4 PROPERTY, PLANT & EQUIPMENT

(₹ in lacs)

Particulars	Leasehold land	Freehold Land	Leasehold Improvement	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	TOTAL
Gross Carrying Value									
Deemed cost as at April 01, 2015	2,011.72	68.22	0.87	9,334.48	41,063.83	204.67	194.23	10.53	**52,888.55**
Additions	-	-	-	11,649.47	25,918.20	412.46	365.45	-	**38,345.58**
Disposals	-	-	-	(34.27)	(452.52)	(0.17)	(1.19)	(0.09)	**(488.24)**
Other Adjustments									
Exchange Difference	-	-	-	140.19	425.69	-	-	-	**565.88**
Borrowing Costs	-	-	-	19.22	55.06	-	-	-	**74.28**
Foreign currency exchange reserve	-	-	0.40	-	-	-	0.98	-	**1.38**
Other Expenses including Salary	-	-	-	267.17	560.95	-	-	-	**828.12**
As at March 31, 2016	**2,011.72**	**68.22**	**1.27**	**21,376.26**	**67,571.21**	**616.96**	**559.47**	**10.44**	**92,215.55**
Additions	-	-	8.00	4,778.40	8,469.04	331.31	219.52	3.24	**13,809.51**
Disposals	-	-	(3.40)	(35.27)	(96.28)	(4.41)	(0.37)	-	**(139.73)**
Other Adjustments									
Exchange Difference	-	-	-	(59.89)	(171.11)	-	-	-	**(231.00)**
Foreign currency exchange reserve	-	-	(0.58)	-	-	-	(0.31)	-	**(0.89)**
Other Expenses including Salary	-	-	-	187.36	305.95	-	-	-	**493.31**
As at March 31, 2017	**2,011.72**	**68.22**	**5.29**	**26,246.86**	**76,078.81**	**943.86**	**778.31**	**13.68**	**106,146.75**
Depreciation									
Charge for the year	21.47	-	0.13	500.23	4,686.22	39.62	82.49	3.51	**5,333.67**
Disposals	-	-	-	(0.50)	(50.28)	(0.02)	(0.15)	(0.02)	**(50.97)**
Difference on account of Foreign Currency Exchange Reserve	-	-	0.29	-	-	-	0.83	-	**1.12**
As at March 31, 2016	**21.47**	**-**	**0.42**	**499.73**	**4,635.94**	**39.60**	**83.17**	**3.49**	**5,283.82**
Charge for the year	21.47	-	0.32	880.32	6,035.06	77.92	141.40	1.67	**7,158.16**
Disposals	-	-	(2.65)	(1.33)	(49.94)	(1.10)	(0.24)	-	**(55.26)**
Difference on account of Foreign Currency Exchange Reserve	-	-	(0.02)	-	-	-	(0.18)	-	**(0.20)**
As at March 31, 2017	**42.94**	**-**	**(1.93)**	**1,378.72**	**10,621.06**	**116.42**	**224.15**	**5.16**	**12,386.52**
Net Carrying Value									
As at April 01, 2015	**2,011.72**	**68.22**	**0.87**	**9,334.48**	**41,063.83**	**204.67**	**194.23**	**10.53**	**52,888.55**
As at March 31, 2016	**1,990.25**	**68.22**	**0.85**	**20,876.53**	**62,935.27**	**577.36**	**476.30**	**6.95**	**86,931.73**
As at March 31, 2017	**1,968.78**	**68.22**	**7.22**	**24,868.14**	**65,457.75**	**827.44**	**554.16**	**8.52**	**93,760.23**

a. The Group has availed deemed cost exemption for the valuation of Property, Plant and Equipment. Hence net block as on March 31, 2015 represents the gross block as per Ind AS as on April 01, 2015.

b. Depreciation for the year includes depreciation amounting to ₹ 525.74 lacs (March 31, 2016 ₹ 194.52 lacs) on assets used for Research & Development. During the year Group incurred ₹ 5,304.18 lacs (March 31, 2016 ₹ 6,034.04 lacs) towards capital expenditure for Research & Development (Refer Note 30).

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

d. Refer note 16(a) and 16(b) for information on Property, Plant and Equipment pledged as security by the Group.

Notes to the Consolidated Financial Statements

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5 INTANGIBLE ASSETS

(₹ in lacs)

Particulars	Software	Product Development	Total
Gross Carrying Value			
Deemed cost as at April 01, 2015	269.32	41.76	311.08
Additions	214.19	53.71	267.90
As at March 31, 2016	**483.51**	**95.47**	**578.98**
Additions	401.44	-	401.44
As at March 31, 2017	**884.95**	**95.47**	**980.42**
Amortisation			
Charge for the year	80.27	13.66	93.93
As at March 31, 2016	**80.27**	**13.66**	**93.93**
Charge for the year	124.50	21.41	145.91
As at March 31, 2017	**204.77**	**35.07**	**239.84**
Net Carrying Value			
As at April 01, 2015	**269.32**	**41.76**	**311.08**
As at March 31, 2016	**403.24**	**81.81**	**485.05**
As at March 31, 2017	**680.18**	**60.40**	**740.58**

a. The Group has availed deemed cost exemption for the valuation of Intangible Asset. Hence net block as on March 31, 2015 represents the gross block as per Ind AS as on April 01, 2015.

6 CAPITAL WORK IN PROGRESS & INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lacs)

Particulars	Capital Work in progress	Intangible Assets under Development
As at April 01, 2015	12,219.74	1,104.30
Additions	32,138.11	205.72
Amount transferred from CWIP	(39,766.81)	(53.71)
Other Adjustments *		
Exchange Difference	565.88	-
Borrowing Costs	74.28	-
Other Expenses including Salary	642.62	-
As at March 31, 2016	**5,873.82**	**1,256.31**
Additions	13,776.35	640.87
Amount transferred from CWIP	(14,219.40)	-
Other Adjustments *		
Exchange Difference	(231.00)	-
Other Expenses including Salary	634.89	-
As at March 31, 2017	**5,834.66**	**1,897.18**

* Refer Note No. 7

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

7 CAPITALISATION OF EXPENDITURE

Expenditure capitalised as a part of Property, Plant and Equipment and carried forward is as under:

(₹ in lacs)

Particulars		March 31, 2017	March 31, 2016
A.	Brought forward from the earlier year	1,432.96	1466.45
B.	Expenditure incurred during the year:		
	Staff Costs	811.80	607.74
	Other Expenses	463.96	240.60
	Interest and commitment charges	-	74.28
	Exchange Difference	(231.00)	565.88
		1,044.76	**1,488.50**
C.	Capitalised as part of :		
	Plant & Machinery	134.84	1041.70
	Building	127.47	426.58
	Intangible Assets	-	53.71
		262.31	**1,521.99**
D.	Carried forward as part of capital work in progress	**2,215.41**	**1,432.96**

8 FINANCIAL ASSETS

8(a) NON CURRENT INVESTMENTS

(₹ in lacs)

Particulars		As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
		Face value	No. of Shares	Amount	Face value	No. of Shares	Amount	Face value	No. of Shares	Amount
	Investment in Equity Instruments (fully paid up)									
1)	**Quoted at FVTPL**									
a)	United Credit Ltd.	10	700	0.09	10	700	0.08	10	700	0.13
b)	Summit Securities		12	0.07		12	0.03		12	0.03
c)	Akzo Nobel India Ltd.	10	50	0.95	10	50	0.68	10	50	0.70
d)	BASF India Ltd.	10	976	13.32	10	976	8.52	10	976	10.89
e)	Sudershan Chemical Industries Ltd.	1	900	3.14	1	900	0.85	1	900	0.72
f)	Rallis India Ltd.	1	2,070	5.40	1	2,070	3.52	1	2,070	4.68
g)	Bayers Crop Science Ltd.	10	66	2.50	10	66	2.49	10	66	2.20
h)	Punjab Chemicals & Crop Protection Ltd.	10	248	0.69	10	248	0.34	10	248	0.46
i)	Pfizer Ltd. (Erstwhile Wyeth Ltd.)	10	29	0.55	10	29	0.52	10	29	0.65
j)	Sanofi India Ltd.	10	100	4.72	10	100	4.00	10	100	3.36
k)	L.M.L.Ltd.	10	150	0.02	10	150	0.01	10	150	0.01
l)	United Sprit Ltd.	10	188	4.09	10	188	4.70	10	188	6.88
m)	RPG Life Sciences Ltd.	10	360	1.62	10	360	0.80	10	360	0.60
n)	Voltas Ltd.	1	100	0.41	1	100	0.28	1	100	0.28
o)	ICICI Bank Ltd.	2	2,300	6.37	2	2,300	5.44	2	2,300	7.25
				43.94			**32.26**			**38.84**
2)	**Unquoted at FVTPL**									
a)	Sygenta India Limited	10	160	0.02	10	160	0.02	10	160	0.02
b)	Ciba CKD Biochem Ltd.	10	100	0.05	10	100	0.05	10	100	0.05
				0.07			**0.07**			**0.07**
	TOTAL (Equity Instruments)			**44.01**			**32.33**			**38.91**
	Aggregate amount of quoted investments and market value thereof			43.94			32.26			38.84
	Aggregate amount of un-quoted investments			0.07			0.07			0.07

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8(b) CURRENT INVESTMENTS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment in Mutual Funds at FVTPL			
Quoted			
a) **Reliance Liquid Fund - Treasury Growth Plan** 52,618.45 (March 31, 2016 : Nil, April 01, 2015 : Nil) Units	2,080.52	-	-
b) **SBI Premier Liquid Fund- Regular Growth Plan** 79,844.41 (March 31, 2016 : Nil, April 01 2015 : Nil) Units	2,032.59	-	-
c) **ICICI - Liquid Growth Plan** 866,628.55 (March 31, 2016 : Nil, April 01 2015 : Nil) Units	2,081.26	-	-
d) **HDFC Liquid Fund - Regular Growth Plan** 64,030.18 (March 31, 2016 : Nil, April 01 2015 : Nil) Units	2,048.74	-	-
TOTAL	**8,243.11**	-	-
Aggregate amount of quoted investments and market value thereof	**8,243.11**	-	-

8(c) LOANS

(₹ in lacs)

Particulars		Non- Current			Current		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good unless stated otherwise							
Security Deposits	A	281.45	390.01	335.36	36.13	12.47	9.37
Loans and advances to related parties (Refer Note 37)*	B	-	-	-	375.94	501.90	412.65
Other Loans and advances							
Advances to Vendors		-	-	-	-	72.29	308.83
Employee Advances							
Considered good		-	-	-	424.39	26.87	48.20
Doubtful		-	-	-	3.52	0.83	0.27
Less: Allowance for doubtful Employee Advances		-	-	-	(3.52)	(0.83)	(0.27)
Other Miscellaneous Advances**					593.34	707.74	619.38
	C	-	-	-	1,017.73	806.90	976.41
TOTAL (A+B+C)		**281.45**	**390.01**	**335.36**	**1,429.80**	**1,321.27**	**1,398.43**

* Includes provision of money amounting to ₹ 354.93 lacs (March 31, 2016 ₹ 473.05 lacs, April 01, 2015 ₹ 380.64 lacs), to PII ESOP Trust for subscription of Shares by PII ESOP Trust for the benefit of employees and carries an interest rate of 9% p.a..

** Includes caution money deposits of ₹ 528.09 lacs (March 31, 2016 ₹ 653.08 lacs, April 01, 2015 ₹ 545.50 lacs) towards minimum guarantee offtake.

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8(d) TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good unless stated otherwise			
- Considered Good	42,371.16	39,775.06	38,055.36
- Doubtful	1,483.05	1,243.42	936.15
	43,854.21	**41,018.48**	**38,991.51**
Less: Allowance for Bad and Doubtful Debts	(1,483.05)	(1,243.42)	(936.15)
TOTAL	**42,371.16**	**39,775.06**	**38,055.36**
Of the above, trade receivable from related parties are given below:			
Total trade receivable from related parties	4.89	-	-
Allowance for Bad and Doubtful Debts	(0.17)	-	-
Net trade receivables	**4.72**	**-**	**-**

Refer note 16(b) for information on trade receivables pledged as security by the Group.

8(e) CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
i. **Cash & Cash Equivalents**			
- Balance with banks			
In Current Accounts	715.23	1,408.48	1,705.54
- Cash on hand	6.26	8.72	10.68
- Fixed Deposits with Bank	7,722.20	2,000.30	116.14
TOTAL	**8,443.69**	**3,417.50**	**1,832.36**

ii. **Disclosure on specified bank notes:**

During the year, the Group had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(in ₹)

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 08.11.2016	1,048,500	431,157	1,479,657
(+) Permitted receipts	-	2,657,416	2,657,416
(-) Permitted payments	-	(2,398,772)	(2,398,772)
(-) Amount deposited in Banks	(1,048,500)	(40,000)	(1,088,500)
Closing cash on hand as on 30.12.2016	**-**	**649,801**	**649,801**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016.

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

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
In Deposit accounts held as margin money	784.16	1,057.46	883.39
Fixed Deposits with Bank	3,991.35	1,029.77	454.80
In Unclaimed Dividend Accounts*	44.69	94.44	26.75
TOTAL	**4,820.20**	**2,181.67**	**1,364.94**

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

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for the year ended March 31, 2017

8(g) OTHERS FINANCIAL ASSETS

(₹ in lacs)

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Considered good unless stated otherwise						
Interest and Other charges recoverable from customers						
-Considered Good	-	-	-	722.16	550.14	405.23
-Doubtful	-	-	-	652.06	553.73	386.28
Less: Allowance for Bad and Doubtful Debts	-	-	-	(652.06)	(553.73)	(386.28)
Deposits lodged with Excise & Sales Tax department*	245.89	227.72	207.74	-	-	-
Deposit accounts held as margin money	314.36	250.59	9.79	267.15	10.54	207.27
Hedge Asset	-	-	-	2,985.00	543.39	188.30
TOTAL	**560.25**	**478.31**	**217.53**	**3,974.31**	**1,104.07**	**800.80**

* Deposits includes ₹ 234.25 lacs (March 31, 2016 ₹ 216.84 lacs, April 01, 2015 ₹ 200.52 lacs) towards security deposit lodged with the Rajasthan excise department, ₹ 5.31 lacs (March 31, 2016 ₹ 4.95 lacs, April 01, 2015 ₹ 4.58 lacs) lodged with Commercial Taxes Kottayam, ₹ 2.17 lacs (March 31, 2016 ₹ 2.03 lacs, April 01, 2015 ₹ Nil) lodged with Commercial Taxes Srinagar, ₹ 1.65 lacs (March 31, 2016 ₹ 1.54 lacs, April 01, 2015 ₹ 1.42 lacs) lodged with Assistant Excise & Taxation Commissioner, Solan, ₹ 1.27 lacs (March 31, 2016 ₹ 1.19 lacs, April 01, 2015 ₹ 0.62 lacs) lodged with Superintendent, Prohibition & Excise Account, Jambusar, ₹ 0.53 lacs (March 31, 2016 ₹ 0.52 lacs, April 01, 2015 ₹ Nil) lodged with Superintendent, Prohibition & Excise Account, Panoli and ₹ 0.71 lacs (March 31, 2016 ₹ 0.65 lacs, April 01, 2015 ₹ 0.60 lacs) lodged with UKAI right Bank Canal Division.

9(a) INVESTMENTS IN SUBSIDIARIES

Name of the entity	Place of Business / Country of incorporation	Ownership interest held by the group			Principal activities
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	
Subsidiaries Indian					
PI Life Science Research Ltd.	India	100%	100%	100%	Research and Development
PILL Finance and Investments Ltd.	India	100%	100%	100%	Investment
Subsidiaries Foreign					
PI Japan Co. Ltd.	Japan	100%	100%	100%	Market Research

9(b) INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment in Equity Instruments (fully paid up)			
Unquoted			
Solinnos Agro Sciences Private Limited*	42.20	-	-
TOTAL	**42.20**	**-**	**-**

* The Group has a 49% interest in Solinnos Agro Sciences Private Limited, whose principal activities are dealing in advisory services relating to registrations, licenses, other regulatory approvals in India. The Group's interest in Solinnos Agro Sciences Private Limited is at carrying amount determined using the equity method of accounting.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

SUMMARISED FINANCIAL INFORMATION OF ASSOCIATE

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non-Current Assets	0.11	-	-
Current Assets	95.93	-	-
Current Liabilities	9.93	-	-
NET ASSETS	**86.11**	**-**	**-**
Revenue	0.57	-	-
Other Expenses	19.46	-	-
Profit / (Loss) for the period	**(18.89)**	**-**	**-**
Other Comprehensive Income for the period	-		
Total Comprehensive Income (TCI) for the period	**(18.89)**	**-**	**-**
Group's share in the TCI of Solinnos Agro Sciences Private Limited	**(9.25)**	**-**	**-**
Reconciliation of the above summarised Financial Information to the carrying amount of the interest in Solinnos recognised in Financial Statements :			
Net Assets of Associate	86.11		
Proportion of Group's ownership Interest in Solinnos Agro Sciences Private Limited	49%		
Carrying amount of Group's interest in Solinnos Agro Sciences Private Limited	42.20		

10 INVENTORIES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Raw Materials {includes Stock-in-Transit ₹ 5,798.86 lacs (March 31, 2016 : ₹ 5,157.37 lacs, April 01, 2015 : ₹ 7,547.66 lacs)}	18,138.04	19,100.51	19,002.92
Work in Progress	7,619.06	5,747.72	7,104.48
Finished Goods	13,547.17	11,518.22	8,373.89
Stock in trade {includes Stock-in-Transit ₹ 41.98 lacs (March 31, 2016 : Nil, April 01, 2015 : Nil)}	1,897.68	1,708.94	1,502.67
Stores & Spares {includes Stock-in-Transit ₹ 40.05 lacs (March 31, 2016 : Nil, April 01, 2015 : Nil)}	1,992.63	1,404.96	1,837.19
TOTAL	**43,194.58**	**39,480.35**	**37,821.15**

Refer note 3(f) for basis of valuation.

Refer note 16(b) for information on inventories pledged as security by the Group.

The cost of Inventories recognised as expense amounted to ₹ 1,16,318.17 lacs during the year ended March 31, 2017 (Previous year: ₹ 1,15,852.09)

The cost of inventories recognised as an expense includes ₹ 1,623.92 lacs (Previous year: ₹ 2,340.65 lacs) in respect of write down of inventories to net realisable value.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

11 OTHER ASSETS

(₹ in lacs)

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Considered good unless stated otherwise						
Capital Advances						
Considered good	2,327.46	2,107.32	3,867.72	-	-	-
Doubtful	1.69	1.20	0.49	-	-	-
Less: Allowance for doubtful Advances	(1.69)	(1.20)	(0.49)	-	-	-
Advances to Vendors						
Considered good	-	-	-	1,754.04	1,160.95	2,016.84
Doubtful	-	-	-	11.40	3.68	2.36
Less: Allowance for doubtful Advances	-	-	-	(11.40)	(3.68)	(2.36)
Balance with Central Excise Authorities, Customs etc.	-	-	-	2,089.09	2,812.78	3,181.36
Prepaid Expenses	451.34	1,460.42	1,724.19	858.14	797.61	636.64
Other Statutory Advances	3.48	5.93	14.90	1,387.29	1,894.41	2,105.91
Other Miscellaneous Advances*	424.80	238.95	74.76	2,733.64	1,654.63	692.42
TOTAL	**3,207.08**	**3,812.62**	**5,681.57**	**8,822.20**	**8,320.38**	**8,633.17**

* Non- Current Miscellaneous Advances include amount of ₹ 377.16 lacs (March 31, 2016 ₹ 191.29 lacs, April 01, 2015 ₹ 27.10 lacs) deposited with Sales Tax Authorities under protest.

* Current Miscellaneous Advances include export incentives receivable of ₹ 2,733.64 lacs (March 31, 2016 ₹ 1,654.63 lacs, April 01, 2015 ₹ 692.42 lacs).

12 CURRENT TAX ASSETS

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance Income Tax (Net of Provision for Income Tax ₹ 49,696.46 lacs)	492.00	-	-
TOTAL	**492.00**	**-**	**-**

13 EQUITY SHARE CAPITAL

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised Shares			
223,000,000 (March 31, 2016 : 223,000,000, April 01, 2015 : 223,000,000) Equity Shares of ₹1 each (March 31, 2016 : ₹ 1 each, April 01, 2015 : ₹ 1 each)	2,230.00	2,230.00	2,230.00
5,000,000 (March 31, 2016 : 5,000,000, April 01, 2015 : 5,000,000) Preference Shares of ₹100 each (March 31, 2016 : ₹ 100 each, April 01, 2015 : ₹ 100 each)	5,000.00	5,000.00	5,000.00
	7,230.00	**7,230.00**	**7,230.00**
Issued Shares			
137,763,199 (March 31, 2016 : 137,303,797, April 01, 2015 : 136,752,757) Equity Shares of ₹1 each (March 31, 2016 : ₹ 1 each, April 01, 2015 : ₹ 1 each)	1,377.63	1,373.04	1,367.53
	1,377.63	**1,373.04**	**1,367.53**
Subscribed & Fully Paid up Shares			
137,586,624 (March 31, 2016 : 137,127,222, April 01, 2015 : 136,576,182) Equity Shares of ₹1 each (March 31, 2016 : ₹ 1 each, April 01, 2015 : ₹ 1 each)	1,375.87	1,371.27	1,365.76
Total subscribed and fully paid up share capital	**1,375.87**	**1,371.27**	**1,365.76**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

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

b. Terms/ rights attached to Equity Shares

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

During the year ended March 31, 2017, the Group has declared 150% Interim dividend on Equity Shares of face value of ₹ 1 each to the Equity Shareholders, which is recognised as distribution to the Equity Shareholders. (Previous Year Final dividend of Nil and Interim dividend of 310% on face value of ₹ 1 per share)

c. Issue of Shares under ESOP Scheme

During the year ended March 31, 2017, the Group has issued 459,402 Equity Shares of ₹ 1 each (Previous Year 551,040 Equity Shares of ₹ 1 each), as per exercise price to PII ESOP Trust, set up to administer Employee Stock Option Plan. Out of total Equity Shares issued to the Trust 503,177 Equity Shares of face value of ₹ 1 each (Previous Year 601,363 Equity Shares of face value of ₹ 1 each) have been allocated by the Trust to respective employees upon exercise of Stock Option from time to time. As on March 31, 2017, 184,360 Equity Shares of face value of ₹ 1 per share (Previous Year 228,135 of face value of ₹ 1 each) are pending to be allocated to employees upon exercise of Stock option. (Refer Note 33)

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

Issued Share Capital

Equity Shares

Particulars	Equity Share (No. of Shares)		Equity Share (Value of Shares) (₹ in lacs)	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Share outstanding at beginning of period	137,303,797	136,752,757	1,373.04	1,367.53
Shares issued under ESOP scheme (Refer Note 13(c))	459,402	551,040	4.59	5.51
Share outstanding at end of period	**137,763,199**	**137,303,797**	**1,377.63**	**1,373.04**

Subscribed & Paid up

Equity Shares

Particulars	Equity Share (No. of Shares)		Equity Share (Value of Shares) (₹ in lacs)	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Share outstanding at beginning of period	137,127,222	136,576,182	1,371.27	1,365.76
Shares issued under ESOP scheme (Refer Note 13(c))	459,402	551,040	4.59	5.51
Share outstanding at end of period	**137,586,624**	**137,127,222**	**1,375.86**	**1,371.27**

e. 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

	As at March 31, 2017	**As at March 31, 2016**	**As at April 01, 2015**
Equity Shares allotted as fully paid up Bonus shares by capitalisation of reserves as on	-	18,645,835	36,364,605

Year of Issue	**No. of Shares**
2010-11	18,645,835
2009-10	17,718,770

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

f. Shares reserved for issue under option

Shares reserved for issue under ESOP - Refer Note 33

g. Details of shareholders holding more than 5% shares in the Group

Equity Shares

Name of Shareholders	2016-17		2015-16	
	No of Shares	% of Holding	No of Shares	% of Holding
Mr. Salil Singhal jointly with Ms. Madhu Singhal	Nil	Nil	17,057,174	12.44
Ms. Madhu Singhal jointly with Mr. Salil Singhal	Nil	Nil	23,764,621	17.33
Salil Singhal (HUF)	Nil	Nil	12,873,629	9.39
Mr. Salil Singhal	8,554,857	6.22	13,101,879	9.55
Ms. Madhu Singhal	21,560,500	15.67	Nil	Nil
Mr. Mayank Singhal	32,028,510	23.28	Nil	Nil
Ms. Pooja Singhal	8,665,550	6.30	Nil	Nil
Cartica Capital Ltd.	8,483,037	6.17	8,483,037	6.19

14 OTHER EQUITY

(₹ in lacs)

Particulars	As at March 31, 2017		As at March 31, 2016	
(I) Reserves & Surplus				
a. Capital Reserve				
Balance at the beginning of the Financial year	148.88		148.88	
Addition during the Financial year	-	148.88	-	148.88
Capital Reserve pertains to amount transferred from capital redemption reserve which was created for redemption of preference shares				
b. Capital Redemption Reserve				
Balance at the beginning of the Financial year	35.00		35.00	
Deduction during the Financial year	-	35.00	-	35.00
Capital redemption reserve pertains to reserve created on redemption of preference shares				
c. Securities Premium Reserve				
Balance at the beginning of the Financial year	17,740.31		16,765.07	
Add: Premium on issue of Equity Shares through ESOP	1,353.55	19,093.86	975.24	17,740.31
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act				
d. Share Option Outstanding Account				
Balance at the beginning of the Financial year	1,097.30		791.70	
Expense on Employee stock option expense	843.06		659.68	
Less: Shares issued under ESOP scheme	(527.17)	1,413.19	(354.08)	1,097.30
The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee stock option plan				
e. General Reserve				
Balance at the beginning of the Financial year	13,992.72		10,859.08	
Add: Transferred during the Financial year	4,573.66	18,566.38	3,133.64	13,992.72

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

(₹ in lacs)

Particulars			As at March 31, 2017		As at March 31, 2016	
	f.	**Surplus in Statement of Profit & Loss**				
		Balance at the beginning of the Financial year	82,278.17		61,492.69	
		Addition during the Financial year	45,944.12		31,155.19	
		Add: Remeasurements gains/(losses) on defined benefit plans through OCI	(440.00)		17.21	
		Less: Transfer to General Reserves	(4,573.66)		(3,133.64)	
		Less: Interim Dividend on Equity Shares ₹ 1.50 per share (Previous Year ₹ 3.10 per share)	(2,063.80)		(4,250.94)	
		Less: Final dividend for the year ended March 31, 2016 ₹ Nil (March 31, 2015 - ₹ 1.30) per share	-		(1,775.49)	
		Less: Dividend Distribution Tax on Equity Shares	(420.14)	120,724.69	(1,226.85)	82,278.17
		TOTAL (I)		**159,982.00**		**115,292.38**
(II)	**Items of other comprehensive income**					
	g.	**Cash Flow Hedge Reserve**				
		Balance at the beginning of the Financial year	420.50		188.30	
		Add: Other comprehensive income for the Financial year	933.05	1,353.55	232.20	420.50
		The Group uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the Group uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item (sales) affects profit or loss.				
		Refer Note No. 41(v)(c)				
	h.	**Foreign Currency Translation Reserve**				
		Balance at the beginning and end of the Financial year	8.23		-	
		Other comprehensive income for the year	(1.80)	6.43	8.23	8.23
		TOTAL (II)		**1,359.98**		**428.73**
		TOTAL OTHER EQUITY (I+II)		**161,341.98**		**115,721.11**

15 DISTRIBUTION MADE AND PROPOSED

(₹ in lacs)

Particulars		As at March 31, 2017	As at March 31, 2016
A	**Dividends declared and paid:**		
	Final dividend for the year ended March 31, 2016 ₹ Nil (March 31, 2015 - ₹ 1.30) per qualifying equity share	-	1,775.49
	Interim dividend for the year ended March 31, 2017 ₹ 1.50 (March 31, 2016 - ₹ 3.10) per qualifying equity share	2,063.80	4,250.94
	Total dividends	**2,063.80**	**6,026.43**

(a) PI has paid tax on dividend amounting to ₹ 420.14 lacs (Previous Year ₹1226.85 lacs)

(b) Detail of dividend paid in foreign currency:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

(₹ in lacs)

Particulars	Dividend paid in FY 2016-17			Dividend paid in FY 2015-16		
	No. of Shareholders	No. of Shares	₹ in lacs	No. of Shareholders	No. of Shares	₹ in lacs
Final Dividend declared for FY 2014-15	-	-	-	2	2,056,974	26.74
Interim Dividend declared for FY 2015-16	1	2,095,426	39.81	1	2,095,426	25.15
Interim Dividend declared for FY 2016-17	2	1,110,426	16.66	-	-	-

B Proposed Dividend

The board of directors has recommended final dividend of ₹ 2.50 per equity share (Previous Year ₹ Nil) subject to the approval of shareholders in the ensuing general meeting.

16 FINANCIAL LIABILITIES

16(a) BORROWINGS (NON-CURRENT)

(₹ in lacs)

Particulars	Non- Current maturities			Current maturities		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Term Loans - From Banks						
Foreign Currency Loans from Banks (secured)	8,296.73	12,244.26	1,666.67	3,713.90	2,721.75	3,333.99
Less: Interest accrued but not due on borrowings (included in Note 16(d))				27.29	27.54	0.66
TOTAL	**8,296.73**	**12,244.26**	**1,666.67**	**3,686.61**	**2,694.21**	**3,333.33**

a. **Foreign Currency Loans includes:**

ECB from HSBC Bank amounting to USD 185.71 lacs carrying interest rate of 3 Months LIBOR plus 1.42% is outstanding as on March 31, 2017 and is repayable in balance 13 Quarterly instalments of USD 14.29 lacs each. The loan is secured by exclusive charge on movable Plant and Machinery relating to Multi Purpose Plant (MPP) - 6 &7 of the Company situated at SPM 28, Jambusar (Gujarat). Carrying value of assets pledged as securities is ₹ 16,716.37 lacs.

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

16(b) BORROWINGS (CURRENT)

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans Repayable on Demand			
Working Capital Loans from Banks (secured)	-	199.01	6,479.37
TOTAL	**-**	**199.01**	**6,479.37**

Working capital loans are secured by first pari passu charge by way of hypothecation on the current assets of the Comapny namely stocks of raw materials, finished and semi finished goods, stores and spares, bills receivables and book debts and all other movable assets both present and future, and additionally secured by way of second charge on all the immovable properties / fixed assets situated at Plot No. 237, 3133-3139, 3330-3351, 3231-3245 & 3517-3524, GIDC Panoli, Ankleshwar (Gujarat) and Udaisagar Road, Udaipur (Rajasthan) and on all the buildings, structures and Plant & Machinery situated at SPM 28, Jambusar (Gujarat) in favour of the consortium bankers. Carrying value of current and fixed assets pledged as securities is ₹ 85,565.74 lacs and ₹ 90,964.26 lacs respectively.

Working Capital Loan includes Foreign currency Loan (Buyers Credit Loan) amounting to Nil (March 31, 2016 Nil, April 01, 2015 ₹ 434.37 lacs).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

16(c) TRADE PAYABLES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Payables			
-Due to Micro and Small enterprises (Refer Note 38)	486.79	739.88	424.21
-Other Trade Payables	28,291.72	35,869.45	34,953.88
TOTAL	**28,778.51**	**36,609.33**	**35,378.09**

16(d) OTHER FINANCIAL LIABILITIES

(₹ in lacs)

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee Payables*	-	-	-	4,044.52	3,695.52	2,585.93
Security Deposits from Dealers	1,701.63	1,657.21	1,518.85			
Security Deposits from Contractors	17.50	42.75	19.00	27.25	5.50	31.25
Current maturities of long-term debt (Refer Note 16(a))				3,686.61	2,694.21	3,333.33
Interest accrued but not due on borrowings				27.29	27.54	0.66
Unclaimed dividends**				44.69	94.44	26.75
Creditors for Capital Purchases				3,553.79	2,216.98	2,877.70
Other Payable***(a)				10,895.61	9,095.92	7,957.91
TOTAL	**1,719.13**	**1,699.96**	**1,537.85**	**22,279.76**	**17,830.11**	**16,813.53**

* This includes due to Directors amounting to ₹ 685.80 lacs (March 31, 2016 : ₹ 744.68 lacs, April 01, 2015 : ₹ 616.80 lacs)

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

*** Includes payables relating to accrued liabilities and incentives payable on sales.

(a) This includes due to Non-Executive/Independent Directors amounting to ₹ 100 lacs (March 31, 2016 : ₹ 75 lacs, April 01, 2015 : 72 lacs).

17 PROVISIONS

(₹ in lacs)

Particulars		Non- Current			Current		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for Employee Benefits*							
Compensated Absences		955.95	592.80	414.23	67.46	104.67	74.85
Gratuity		1,316.35	569.86	381.06	-	-	-
	A	**2,272.30**	**1,162.66**	**795.29**	**67.46**	**104.67**	**74.85**
Other Provisions					817.02	688.45	491.78
	B	**-**	**-**	**-**	**817.02**	**688.45**	**491.78**
TOTAL	**(A+B)**	**2,272.30**	**1,162.66**	**795.29**	**884.48**	**793.12**	**566.63**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

(i) Information about Other Provisions

Legal claim

(a) In May 2010, an objection was raised by the custom department on classification of one of the imported raw materials resulting in demand of differential custom duty. The Group filed an appeal against the order and is clearing the goods after furnishing of bank guarantee for differential duty against each import of such raw material. As on March 31, 2017 total differential custom duty demand is ₹ 772.10 lacs (March 31, 2016 ₹ 643.53 lacs, April 01, 2015 ₹ 446.86 lacs). Case is pending before Commissioner of Customs (Appeals), Mumbai.

(b) In March 1987, a notification issued by the Government of Rajasthan resulted into an excise liability of ₹ 44.92 lacs. The Group decided to file writ against the notification and has furnished fixed deposit against the said liability. The case is pending before Rajasthan High Court.

(ii) Movement in Other Provisions

(₹ in lacs)

Particulars	Legal claim
As at April 01, 2015	491.78
Provisions made during the year	196.67
As at March 31, 2016	**688.45**
Provisions made during the year	128.57
As at March 31, 2017	**817.02**

* Refer Note 32 for movement in " Provision for Employee Benefits"

18 DEFERRED TAX (ASSETS)/LIABILITIES

(₹ in lacs)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
The balance comprises temporary differences attributable to:				
Deferred Tax Liabilities				
Plant, property and equipment		9,471.40	6,673.22	4,255.09
Intangible assets		139.21	138.07	83.53
Other comprehensive income items				
- Remeasurements on defined benefit plans		(223.75)	9.11	-
- Effective portion on Cash Flow Hedges		616.70	122.89	-
- Exchange difference on translation of foreign operations		3.40	4.36	-
	A	**10,006.96**	**6,947.65**	**4,338.62**
Deferred Tax Assets				
Provision for employee benefits		(576.85)	(422.26)	(258.12)
Other financial Liabilities		(132.38)	(148.59)	(41.69)
Trade receivables		(513.25)	(430.32)	(311.49)
Other financial assets		(225.67)	(191.64)	(139.77)
Others		(7.09)	(22.89)	(18.01)
MAT credit entitlement		(10,533.18)	(2,202.34)	(212.96)
	B	**(11,988.42)**	**(3,418.04)**	**(982.04)**
TOTAL	**(A+B)**	**(1,981.46)**	**3,529.61**	**3,356.58**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Movement in deferred tax:

(₹ in lacs)

Particulars	As at March 31, 2016	Recognised in P&L	Recognised in OCI	Other Adjustments*	As at March 31, 2017
Deferred Tax Liabilities					
Plant, property and equipment	6,673.22	2,798.18	-	-	9,471.40
Intangible assets	138.07	1.14	-	-	139.21
Other comprehensive income items					
- Remeasurements on defined benefit plans	9.11	-	(232.86)	-	(223.75)
- Effective portion on Cash Flow Hedges	122.89	-	493.81	-	616.70
- Exchange difference on translation of foreign operations	4.36	-	(0.96)	-	3.40
Sub- Total (a)	**6,947.65**	**2,799.32**	**259.99**	**-**	**10,006.96**
Deferred Tax Assets					
Provision for employee benefits	422.26	154.59	-	-	576.85
Other financial Liabilities	148.59	(16.21)	-	-	132.38
Trade receivables	430.32	82.93	-	-	513.25
Other financial assets	191.64	34.03	-	-	225.67
Others	22.89	(15.80)	-	-	7.09
MAT credit entitlement	2,202.34	7,896.28	-	434.56	10,533.18
Sub- Total (b)	**3,418.04**	**8,135.82**	**-**	**434.56**	**11,988.42**
Net Deferred Tax Liability (a)-(b)	**3,529.61**	**(5,336.50)**	**259.99**	**(434.56)**	**(1,981.46)**

* It consists actualisation of MAT credit entitlement for the FY 2015-16 on the basis of tax return filed and utilisation against current tax provision for FY 2016-17.

Movement in deferred tax:

(₹ in lacs)

Particulars	As at April 1, 2015	Recognised in P&L	Recognised in OCI	Other Adjustments*	As at March 31, 2016
Deferred Tax Liabilities					
Plant, property and equipment	4,255.09	2,418.13	-	-	6,673.22
Intangible assets	83.53	54.54	-	-	138.07
Other comprehensive income items					
- Remeasurements on defined benefit plans	-	-	9.11	-	9.11
- Effective portion on Cash Flow Hedges	-	-	122.89	-	122.89
- Exchange difference on translation of foreign operations	-	-	4.36	-	4.36
Sub- Total (a)	**4,338.62**	**2,472.67**	**136.36**	**-**	**6,947.65**
Deferred Tax Assets					
Provision for employee benefits	258.12	164.14	-	-	422.26
Other financial Liabilities	41.69	106.90	-	-	148.59
Trade receivables	311.49	118.83	-	-	430.32
Other financial assets	139.77	51.87	-	-	191.64
Others	18.01	4.88	-	-	22.89
MAT credit entitlement	212.96	1,989.38	-	-	2,202.34
Sub- Total (b)	**982.04**	**2,436.00**	**-**		**3,418.04**
Net Deferred Tax Liability (a)-(b)	**3,356.58**	**36.67**	**136.36**	**-**	**3,529.61**

19 OTHER LIABILITIES

(₹ in lacs)

Particulars	Non- Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance from Customers	-	-	-	1,980.88	1,829.61	2,214.41
Statutory Dues Payable *	-	-	-	1,210.51	1,019.40	910.73
TOTAL	**-**	**-**	**-**	**3,191.39**	**2,849.01**	**3,125.14**

* Includes accrued liabilities towards statutory dues.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

20 CURRENT TAX LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for Income Tax {Net of Advance Tax (March 31, 2016 ₹ 38,043.68 lacs, April 01, 2015 ₹ 28,855.43 lacs)}	-	851.03	1,337.62
TOTAL	**-**	**851.03**	**1,337.62**

21 REVENUE FROM OPERATIONS

(₹ in lacs)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	Revenue from Operations includes		
a)	**Sale of products (including Excise Duty)***	**235,034.29**	**217,487.36**
b)	**Sale of services**	**68.97**	**179.32**
c)	**Other operating revenues**		
	Scrap Sales	186.48	122.79
	Export Incentives	3,041.13	1,952.18
		3,227.61	**2,074.97**
	Revenue From Operations (Net) (a+b+c)	**238,330.87**	**219,741.65**

* The above amount includes Excise Duty of ₹ 10,647.91 lacs (₹ 10,107.07 lacs for previous year)

22 OTHER INCOME

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Dividend Income from Investment at fair value through profit or loss	0.35	0.32
Interest Income on Financial Assets at amortised cost	1,565.19	2,119.35
Unwinding of discount on Security Deposits	14.06	9.45
Net gain on sale of investments	61.77	-
Net gain on financial assets measured at fair value through profit or loss	254.80	-
Other Non-operating Income	112.82	40.32
Net gain on foreign currency transactions	1,652.59	1,377.31
TOTAL	**3,661.58**	**3,546.75**

23(a) COST OF MATERIALS CONSUMED

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the beginning of the Financial year	19,100.51	19,002.92
Add: Purchases	112,012.80	111,211.91
Less: Inventories at the end of the Financial year	(18,138.04)	(19,100.51)
TOTAL	**112,975.27**	**111,114.32**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

23(b) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in lacs)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
Inventories at the end of the financial year				
Finished Goods	13,547.17		11,518.22	
Stock in trade	1,897.68		1,708.94	
Work in Progress	7,619.06	23,063.91	5,747.72	18,974.88
Inventories at the beginning of the financial year				
Finished Goods	11,518.22		8,373.89	
Stock in trade	1,708.94		1,502.67	
Work in Progress	5,747.72	18,974.88	7,104.48	16,981.04
TOTAL		**(4,089.03)**		**(1,993.84)**

24 EMPLOYEE BENEFIT EXPENSE

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages and Bonus	19,153.86	16,744.80
Contribution to Provident & other funds	790.67	715.36
Gratuity (Refer Note 32)	261.40	207.26
Long term compensated absences (Refer Note 32)	478.71	250.46
Employees Welfare Expenses	733.96	730.30
Expense on Employee Stock Option Scheme (Refer Note 33)	843.06	659.68
TOTAL	**22,261.66**	**19,307.86**

25 OTHER EXPENSES

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Power, Fuel & Water	6,919.77	6,083.61
Stores & Spares Consumed	2,810.47	2,016.64
Repairs & Maintenance to :		
- Buildings	157.40	117.74
- Plant & Machinery	333.68	262.11
- Other Repairs	942.22	610.25
Environment & Pollution Control expenses	4,395.21	5,472.59
Laboratory & Testing Charges	1,186.81	775.56
Freight & Cartage	2,826.31	3,803.38
Advertisement & Sales Promotion	3,955.08	3,300.98
Travelling & Conveyance	3,380.16	3,058.38
Rent	1,236.44	912.13
Rates, Taxes & Fees	553.27	332.65
Insurance	333.84	322.28
Donation	69.55	215.72
Loss on Sale/Retirement of property, plant and equipment (Net)	24.51	169.14
Net gain on financial assets measured at fair value through profit or loss	-	6.57
Auditor's Remuneration* (Refer Note 25(a))	42.91	42.63
Communication Expenses	496.37	407.69
Bad debts written off (Net)	-	-
Provision for Bad and Doubtful debts & Advances	349.56	576.38
Director Sitting Fees & Commission	117.32	88.28
Legal & Professional Expenses	1,823.16	962.31
Bank Charges	156.01	209.12
Contribution towards CSR Activities	695.00	514.30
Miscellaneous Expenses	972.18	1,090.90
TOTAL	**33,777.23**	**31,351.34**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

a. Auditors' Remuneration

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
- Audit Fees	27.48	20.40
- Limited Review Fees	10.50	7.50
- Certificates & other matters	2.34	12.72
- Reimbursement of expenses	2.59	2.01
TOTAL	**42.91**	**42.63**

26 AMOUNT SPENT ON CSR ACTIVITIES

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a) Gross amount required to be spent by the Company during the year	695.00	514.30
b) Gross amount transferred to PI Foundation Trust for CSR activities*	695.00	514.30
c) Amount spent during the year		
Health, Hygiene and Sanitation	134.40	180.80
Education, Skill Development Programme and Livelihood enhancement projects	319.17	80.68
Engagement and empowerment of women	11.05	1.88
Environmental sustainability and conservation of natural resources	36.28	70.99
Promotion and development of traditional arts and handicrafts	-	29.50
Promote rural sports	2.50	2.50
Rural development projects	3.83	2.00
Training and capacity building of CSR team and administrative expenses	25.36	18.42
TOTAL	**532.59**	**386.77**

* The Company is doing its CSR expenditure through PI Foundation Trust.

27 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on Property, Plant and Equipment (Refer Note 4)	7,158.16	5,333.67
Amortisation of Intangible Assets (Refer Note 5)	145.91	93.93
TOTAL	**7,304.07**	**5,427.60**

28 FINANCE COSTS

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest on financial liabilities measured at amortised cost	681.07	899.47
Other Borrowing Costs	39.47	60.34
TOTAL	**720.54**	**959.81**

29 INCOME TAX EXPENSE

a) Income tax recognised in Profit and Loss

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current tax expense		
Current tax on profits for the year	10,792.77	8,836.02
Adjustment of current tax for prior year periods	(446.77)	254.77
Deferred tax expense		
Origination and reversal of temporary differences	(5,336.50)	36.65
Income tax charged to profit and loss	**5,009.50**	**9,127.44**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

b) **Deferred tax related to items recognised in OCI during the year**

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement on defined benefit plans	(232.86)	9.11
Effective portion on cash flow hedges	493.81	122.89
Exchange difference on translation of foreign operations	(0.96)	4.36
Income tax charged to OCI	**259.99**	**136.36**

c) **Reconciliation of effective tax rate**

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Accounting profit before tax	50,953.62	40,282.63
Tax at India's statutory income tax rate @ 34.608%	**17,634.03**	**13,941.01**
Adjustment in respect of current income tax of previous years	(446.77)	254.77
Adjustment in respect of interest under 234A/B/C of Income Tax Act	-	14.00
Effect of concessions (expenditure on new plant and machinery)	(273.58)	(1,252.38)
Effect of concessions (expenditure on research and development)	(2,425.79)	(1,774.17)
Effect of income that is exempt from taxation (operations in tax free zone)	(9,809.02)	(2,360.32)
Effect of amounts which are not deductible in calculating taxable income	330.63	304.53
Income Tax Expense	**5,009.50**	**9,127.44**

30 RESEARCH & DEVELOPMENT EXPENSES

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

a) **Revenue Expenditure**

(₹ in lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Miscellaneous Income	3.71	-
TOTAL	**3.71**	**-**
Employee Benefit Expense		
Salaries, Wages & Bonus	1,646.59	1,087.00
Contributions to Provident & other funds	114.14	75.49
Employee Welfare Expenses	33.00	24.26
TOTAL	**1,793.73**	**1,186.75**
Raw & Packing Materials Consumed	**366.26**	**144.00**
Other Expenses		
Laboratory & testing Charges	410.06	329.75
Power, Fuel & Water	217.29	48.79
Stores & Spares Consumed	353.47	168.37
Testing & Analysis	14.96	1.49
Travelling & Conveyance	94.64	71.79
Rates, Taxes & Fees	1.21	2.00
Printing & Stationery	3.98	2.35
Bank Charges	0.07	0.07
Legal & Professional expenses	6.28	2.56
Miscellaneous Expenses	203.40	159.57
TOTAL	**1,305.36**	**786.74**
Depreciation		
Depreciation	525.74	194.52
TOTAL	**3,991.09**	**2,312.01**
Total Expenditure Allowed	**3,987.38**	**2,312.01**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

b) Capital Expenditure

(₹ in lacs)

Description	March 31, 2016	Addition during the year	March 31, 2017
Buildings	2,868.63	1,454.95	4,323.58
Equipments & Others	4,502.54	3,849.23	8,351.77
TOTAL	**7,371.17**	**5,304.18**	**12,675.35**

31 EARNINGS PER SHARE

(₹ in lacs)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a)	Net Profit for Basic & Diluted EPS	**45,944.12**	**31,155.19**
b)	Number of Equity Shares at the beginning of the year	137,127,222	136,576,182
	Add: Shares issued under ESOP scheme	459,402	551,040
	Total Number of Shares outstanding at the end of the year	**137,586,624**	**137,127,222**
	Weighted Average number of Equity Shares outstanding during the year - Basic	**137,326,086**	**136,831,321**
	Add: Weighted Average number of Equity Shares arising out of grant of Employee Stock option	941,359	1,103,420
	Weighted Average number of Equity Shares outstanding during the year - Diluted	**138,267,445**	**137,934,741**
	Earning Per Share - Basic (₹)	33.46	22.77
	Earning per share - Diluted (₹)	33.23	22.59
	Face value per share (₹)	1	1

32 EMPLOYEE BENEFITS

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

Central provident fund

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

Gratuity Plan

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

Long term leave encashment

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

a) Defined Contribution Plans:-

The Group has recognised an expense of ₹ 790.67 lacs (Previous Year ₹ 715.36 lacs) towards the defined contribution plan.

b) Defined benefits plans - as per actuarial valuation

(₹ in lacs)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non -Funded	Funded	Non -Funded
I. Change in present value of obligation during the year				
Present value of obligation at the beginning of the year	1,114.55	697.47	893.19	489.08
Total amount included in profit and loss:				
- Current Service Cost	228.33	245.18	148.52	148.88
- Interest Cost	89.16	55.80	72.20	40.91
- Past Service Cost	-	-	38.43	38.89
Remeasurement related to long term employee benefit:				
Actuarial losses/(gains) arising from:				
- Demographic Assumption	-	(4.91)	-	-
- Financial assumption	-	183.18	-	(13.42)
- Experience Judgement	-	(0.54)	-	35.20
Total amount included in OCI:				
Remeasurement related to gratuity:				
Actuarial losses/(gains) arising from:				
- Demographic Assumption	(4.44)	-	-	-
- Financial assumption	263.93	-	(22.92)	-
- Experience Judgement	434.30	-	73.00	-
Others				
Benefits Paid	(511.05)	(152.77)	(87.87)	(42.07)
Present Value of obligation as at year-end	**1,614.78**	**1,023.41**	**1,114.55**	**697.47**
II Change in Fair Value of Plan Assets during the year				
Plan assets at the beginning of the year	544.69	-	512.13	-
Included in profit and loss:				
Expected return on plan assets	43.57	-	39.69	-
Included in OCI:				
Actuarial Gain/(Loss) on plan assets	20.92	-	76.40	-
Others:				
Employer's contribution	199.97	-	-	-
Benefits paid	(510.72)	-	(83.53)	-
Plan assets at the end of the year	**298.43**	**-**	**544.69**	**-**

The plan assets are managed by the Gratuity Trust formed by the Group. The management of 100% of the funds is entrusted with the Life Insurance Corporation of India, HDFC Standard Life Insurance Company Ltd. and Kotak Mahindra Old Mutual Life Insurance Ltd., whose pattern of investment is not available with the Group.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

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

(₹ in lacs)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016		Year ended April 01, 2015	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non -Funded	Funded	Non -Funded	Funded	Non -Funded
1 Present Value of obligation as at year-end	1,614.78	1,023.41	1,114.55	697.47	893.19	489.08
2 Fair value of plan assets at year -end	298.43	-	544.69	-	512.13	-
3 Funded status {Surplus/ (Deficit)}	(1,316.35)	(1,023.41)	(569.86)	(697.47)	(381.06)	(489.08)
Net Asset/(Liability)	**(1,316.35)**	**(1,023.41)**	**(569.86)**	**(697.47)**	**(381.06)**	**(489.08)**

IV Bifurcation of net liability at the end of the year

(₹ in lacs)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016		Year ended April 01, 2015	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non -Funded	Funded	Non -Funded	Funded	Non -Funded
1 Current Liability	-	67.46	-	104.67	-	74.85
2 Non-Current Liability	1,316.35	955.95	569.86	592.80	381.06	414.23

V Actuarial Assumptions

1 Discount Rate	7.50%	7.50%	8.00%	8.00%	7.75%	7.75%
2 Expected rate of return on plan assets	7.50%	-	8.50%	-	8.50%	-
3 Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
4 Salary Escalation	7.00%	7.00%	5.50%	5.50%	5.50%	5.50%

VI The expected contribution for Defined Benefit Plan for the next financial year will be ₹ 365.49 lacs

VII Sensitivity Analysis

(₹ in lacs)

Gratuity	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (.50 % movement)	(74.47)	80.05	(47.80)	51.13
Future salary growth (.50 % movement)	80.05	(75.15)	52.13	(49.12)

(₹ in lacs)

Long term Compensated Absences	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (.50 % movement)	(51.29)	55.41	(29.33)	31.53
Future salary growth (.50 % movement)	51.03	(55.11)	32.15	(30.14)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

VIII Maturity Profile of Defined Benefit Obligation

(₹ in lacs)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non -Funded	Funded	Non -Funded
Within the next 12 months	-	67.46	-	104.67
Between 2-5 years	313.51	162.62	288.27	112.31
Beyond 5 years	1,301.27	793.33	826.28	480.49

IX Description of Risk Exposures:

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

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

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

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

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

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

33 SHARE BASED PAYMENTS

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

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

Key terms of the scheme

Date of Shareholder's Approval	21-Jan-11
Total Number of Options approved	6262090
Vesting Requirements	Options shall vest after a lock in period of one year from the date of grant. Option shall vest in four years as per the Company's ESOP plan
The Pricing Formula	10% discount to market price on NSE a day prior to date of grant.
Maximum term of Options granted	10 years
Method of Settlement	Shares
Source of shares	Primary-Fresh equity allotment by Company to the Trust
Variation in terms of ESOP	Nil

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

I. Option Movement during the year ended Mar 2017

Particulars	March 31, 2017		March 31, 2016	
	No. of Options	Wt. avg exercise Price (in ₹)	No. of Options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	1,559,507	243.69	2,023,684	146.61
Options Granted during the year	457,864	744.00	277,126	613.00
Options Forfeited / Surrendered during the year	154,116	203.31	139,940	193.37
Total number of shares arising as a result of exercise of options	503,177	160.79	601,363	98.64
Money realised by exercise of options (₹ in lacs)	809.06	NA	593.17	NA
Number of options Outstanding at the end of the year	1,360,078	447.36	1,559,507	243.69
Number of Options exercisable at the end of the year	191,883	139.83	228,134	41.16

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2017		March 31, 2016	
	No. of Options Outstanding	Weighted average contractual life (years)	No. of Options Outstanding	Weighted average contractual life (years)
25 to 75	84,884	2.58	116,405	3.58
75 to 150	397,689	6.14	889,364	6.58
150 to 450	181,154	6.91	293,979	7.38
450 to 750	696,351	7.45	259,759	8.30

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

(in ₹)

Particulars	March 31, 2017	March 31, 2016
Exercise price is less than market price	435.15	355.10

IV. The weighted average market price of options exercised during the year ended March 31, 2017 is ₹ 832.44

The weighted average market price of options exercised during the year ended March 31, 2016 is ₹ 630.06

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

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

The Assumptions used in the model are as follows:

Variables	March 31, 2017	March 31, 2016
	Weighted Average	Weighted Average
1. Risk Free Interest Rate	6.67% to 6.89%	7.49% to 7.57%
2. Expected Life(in years)	4 to 7 years	4 to 7 years
3. Expected Volatility	39.02% to 40.52%	41.39% to 42.31%
4. Dividend Yield	0.37%	0.64
5. Exercise Price (in ₹)	744.00	613.00
6. Price of the underlying share in market at the time of the option grant. (in ₹)	845.40	682.85

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

VI. Assumptions:

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

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

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

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

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

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

(₹ in lacs)

VII.	Particulars	March 31, 2017	March 31, 2016
	Employee Option plan expense	843.06	659.68
	Total liability at the end of the period	1,413.19	1,097.30

34 CAPITAL & OTHER COMMITMENT

(₹ in lacs)

	Particulars	March 31, 2017	March 31, 2016	April 01, 2015
a.	Estimated Amount of Contracts remaining to be executed on capital account and not provided for {Net of advances ₹ 2,329.15 lacs (March 31, 2016 : ₹ 2,104.56 lacs, April 01, 2015 ₹ 3,868.21 lacs)}	-	-	2226.34
b.	Export Commitment	33,225.53	32,174.62	52,815.06

c. Leases

Operating lease commitments - As lessee

The Group has entered into a lease agreement with some of the parties for lease of corporate office & Vadodara office with lease term of 9 years. The lease rent would be increased by 12.5% and 15% respectively after every 3 years. Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
-Payable within one year	1,266.09	986.55	804.30
-Later than one year and not later than five years	2,414.58	2,423.24	1,674.58
-Later than five years	165.10	165.63	-
-Lease payments recognised in Statement of P&L	1,263.47	1,020.15	786.38

Finance lease commitments - As lessee

The Group has entered into finance lease for land in Panoli and Jambusar (Gujrat). Future minimum lease payments under finance leases for all the land is ₹ 225 per annum. For land in Panoli Group has a renewal option for further 2 periods with 100% increase in lease rentals and for land in Jambusar Group has a renewal option upon expiry as may be agreed between the parties or as may be determined by Development Committee from time to time. The amount of minimum lease payments and their present value is not material.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

35 CONTINGENT LIABILITIES

(₹ in lacs)

Particulars		March 31, 2017	March 31, 2016	April 01, 2015
a.	Claims against the Group not acknowledged as debt;*			
	- Sales Tax	373.96	304.94	124.42
	- Excise Duty	262.96	225.50	310.50
	- Income Tax	1,469.69	1,139.77	935.59
	- ESI	6.09	6.09	6.09
	- Other matters, including claims relating to customers and third parties etc.	138.11	-	-
b.	Guarantees excluding financial guarantees;			
	- Counter Guarantee to GIDC	-	32.85	32.85
	- Bank Guarantees	1,854.07	1,542.37	1,842.63
c.	Other money for which the Group is contingently liable			
	- Letter of Credit	4,152.52	10,342.59	11,378.19

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

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

36 OPERATING SEGMENT

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

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

I Revenue :

A. Information about product revenues:

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016
Active Ingredients and Intermediates	147,203.32	133,291.13
Formulations	90,323.26	85,606.72
Others	804.29	843.80
	238,330.87	**219,741.65**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

B. Geographical Areas

The Company is domiciled in India. The amount of the Group's revenue from external customers broken down by location is shown in the table below:

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016
India	94,481.90	92,456.85
Asia	70,026.15	47,708.18
North America	54,064.40	48,059.82
Australia	2,788.16	16,125.45
Europe	12,679.19	13,244.95
Rest of the World	4,291.07	2,146.40
	238,330.87	**219,741.65**

C. Revenues from transactions with external customers amounted to more than 10% of the Group's revenues in one case.

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
India	105,392.57	98,311.38	72,160.74
Europe	47.16	48.15	44.50
TOTAL	**105,439.73**	**98,359.53**	**72,205.24**

37 RELATED PARTY DISCLOSURES

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

a) Nature of Related Party relationship

i Subsidiaries, Associates and Controlled Trust:

(a) PILL Finance and Investment Ltd.	Subsidiary
(b) PI Life Science Research Ltd.	Subsidiary
(c) PI Japan Co.Ltd.	Subsidiary
(d) Solinnos Agro Sciences Pvt. Ltd.	Associate
(e) PII ESOP Trust	Controlled Trust

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

(a) Key Managerial Personnel

Mr. Salil Singhal	Chairman & Managing Director (till August 21, 2016)
Mr. Mayank Singhal	Managing Director & CEO
Mr. Rajnish Sarna	Whole-Time Director
Mr. Narayan K. Seshadri	Non-executive Director (Chairman w.e.f. October 5, 2016)
Mr. Pravin K. Laheri	Non-executive Director
Ms. Ramni Nirula	Non-executive Director
Mr. Ravi Narain	Non-executive Director (w.e.f. May 24, 2016)
Mr. Arvind Singhal	Non-executive Director (w.e.f. October 5, 2016)
Mr. Anurag Surana	Non-executive Director (till May 11, 2016)
Dr. Venkatrao S. Sohoni	Non-executive Director (till September 14, 2016)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

(b) Relatives of Key Management Personnel

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

iii Entities controlled by KMP with whom transactions have taken place:

(a) Singhal Foundation; (b) PI Foundation

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

(₹ in lacs)

Nature of Transaction	Type of relation	2016-17			2015-16		
		Transactions during the period		Balance outstanding Dr (Cr)	Transactions during the period		Balance outstanding Dr (Cr)
		Recd/Pur.	Paid/Sales		Recd/Pur.	Paid/Sales	
Compensation to KMP							
- Short term employee benefits	a(ii)(a)	-	1,504.28		-	1,694.02	
- Post employment benefits*		-	495.69		-	121.89	
- Commission and other benefits to non-executive/ independent directors			116.66			88.77	
Total		**-**	**2,116.63**	**(818.19)**	**-**	**1,904.68**	**(825.00)**
Other Transactions							
Sales of services	a(i)(d)	-	8.33	9.58	-	-	-
Rent	a(ii)(b)	-	18.38	-	-	16.79	-
Loans given	a(i)(e)	649.02	525.00	310.05	410.00	500.00	434.07
Interest	a(i)(e)	44.87	-	44.87	38.98	-	38.98
Travel & Other expenditure incurred	a(ii)(a)	-	318.85	32.38	-	289.82	5.32
	a(ii)(b)	-	37.52	(0.29)	-	-	-
Salary	a(ii)(b)	-	1.44	(0.24)	-	1.23	-
Recovery of Dues on account of expenses incurred	a(ii)(b)	0.15	-	0.15	0.34	-	0.05
Contribution towards CSR Activities	a(iii)	-	695.00	-	-	514.30	-
Donation	a(iii)	-	50.00	-	-	90.70	-

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except loan given to PII ESOP Trust which carries an interest of 9% p.a.) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

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

(₹ in lacs)

Particulars	March 31, 2017		March 31, 2016	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
Principal amount and Interest due thereon remaining unpaid to any supplier as on March 31	486.79	-	739.88	-
Interest paid by the Group in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	69.60	0.98	150.87	1.77
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.	-	-	-	-

39 ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III TO COMPANIES ACT 2013, OF ENTITIES CONSOLIDATED AS SUBSIDARIES

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in lacs)	As % of consolidated profit or loss	Amount (₹ in lacs)	As % of consolidated profit or loss	Amount (₹ in lacs)	As % of consolidated profit or loss	Amount (₹ in lacs)
Parent								
PI Industries Ltd.	98.87%	160,886.73	99.55%	45,736.52	100.40%	493.23	99.56%	46,229.75
Subsidiaries Indian								
PI Life Science Ltd.	0.89%	1,443.81	0.39%	181.00	-0.04%	-0.18	0.39%	180.82
PILL finance and investments Ltd	0.23%	376.24	0.05%	23.39	0.00%	-	0.05%	23.39
Subsidiaries Foreign								
PI Japan Co. Ltd	0.07%	121.35	0.03%	12.46	-0.36%	-1.79	0.02%	10.67
Associate								
Solinnos Agro Sciences Private Limited	0.03%	42.20	-0.02%	(9.25)	0.00%	-	-0.02%	(9.25)
Total Eliminations	-0.09%	(152.48)	0.00%	-	0.00%	-	0.00%	-
TOTAL	**100.00%**	**162,717.85**	**100.00%**	**45,944.12**	**100.00%**	**491.26**	**100.00%**	**46,435.38**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

40 FINANCIAL INSTRUMENTS

Financial instruments – Fair values and risk management

A. Financial instruments by category

(₹ in lacs)

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
Non-current Assets									
Investments	44.01	-		32.33	-		38.91	-	
Loans	-	-	281.45	-	-	390.01	-	-	335.36
Other financial assets	-	-	560.25	-	-	478.31	-	-	217.53
Current Assets									
Investments	8,243.11	-	-	-	-	-	-	-	-
Loans	-	-	1,429.80	-	-	1,321.27	-	-	1,398.43
Trade receivables	-	-	42,371.16	-	-	39,775.06	-	-	38,055.36
Cash and cash equivalents	-	-	8,443.69	-	-	3,417.50	-	-	1,832.36
Bank balances other than Cash and cash equivalents	-	-	4,820.20	-	-	2,181.67	-	-	1,364.94
Hedge Asset	-	2,985.00	-		543.39	-	-	188.30	-
Other financial assets	-	-	989.31	-	-	560.68	-	-	612.50
TOTAL	**8,287.12**	**2,985.00**	**58,895.86**	**32.33**	**543.39**	**48,124.50**	**38.91**	**188.30**	**43,816.48**
Financial Liabilities									
Non-current Liabilities									
Borrowings	-	-	8,296.73	-	-	12,244.26	-	-	1,666.67
Other financial liabilities	-	-	1,719.13	-	-	1,699.96	-	-	1,537.85
Current Liabilities									
Borrowings	-	-	-	-	-	199.01	-	-	6,479.37
Trade payables	-	-	28,778.51	-	-	36,609.33	-	-	35,378.09
Other financial liabilities	-	-	22,279.76	-	-	17,830.11	-	-	16,813.53
TOTAL	**-**	**-**	**61,074.13**	**-**	**-**	**68,582.67**	**-**	**-**	**61,875.51**

B. Fair value hierarchy

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

Notes to the Consolidated Financial Statements

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

(₹ in lacs)

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets									
Investment in equity instruments	48.94	-	0.07	32.26	-	0.07	38.84	-	0.07
Investment in mutual funds	8,243.11	-	-	-	-	-	-	-	-
Hedge Asset	-	2,985.00	-	-	543.39	-	-	188.30	-
TOTAL	**8,287.05**	**2,985.00**	**0.07**	**32.26**	**543.39**	**0.07**	**38.84**	**188.30**	**0.07**

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

(₹ in lacs)

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets									
Security deposits	-	-	178.95	-	-	125.04	-	-	79.55
TOTAL	**-**	**-**	**178.95**	**-**	**-**	**125.04**	**-**	**-**	**79.55**
Financial liabilities									
Security deposits from contractors	-	-	42.83	-	-	45.56	-	-	47.47
TOTAL	**-**	**-**	**42.83**	**-**	**-**	**45.56**	**-**	**-**	**47.47**

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

Fair value hierarchy

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

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

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

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

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

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices

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

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

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

Non-current investments in unquoted equity instruments, being insignificant, have not been fair valued.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management framework

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

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Credit risk

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

Trade and other receivables

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

The Group has established a credit policy under which each customer is analysed individually for creditworthiness before the Group's credit terms are offered. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. Credit limits are established for each customer and reviewed periodically. Any sales order exceeding those limits require approval from the appropriate authority.

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

The Group computes an allowance for impairment of trade receivables based on a simplified approach, that represents its expected credit losses. The Group uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted by considering the available, reasonable and supportive forward looking information.

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

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

(₹ in lacs)

	March 31, 2017	March 31, 2016
Opening balance	1,797.15	1,322.43
Changes in loss allowance	337.96	474.72
Closing balance	**2,135.11**	**1,797.15**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Expected credit loss under simplified approach for Trade receivables and Interest & Other charges recoverable from customers

(₹ in lacs)

Ageing	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Ageing of Gross carrying amount			
Not due	30,961.80	28,100.51	26,464.90
0-090 days past due	8,050.19	8,342.32	8,769.26
091-180 days past due	3,769.04	3,619.53	2,937.35
181-270 days past due	537.81	407.75	636.43
271-365 days past due	251.57	263.29	82.20
More than 1 year past due	1,658.02	1,388.95	892.88
Gross carrying amount	**45,228.43**	**42,122.35**	**39,783.02**
Expected credited losses (Loss allowance provision)	2,135.11	1,797.15	1,322.43
Net Carrying amount	**43,093.32**	**40,325.20**	**38,460.59**

The incremental loss allowance provision created during the year ended March 31, 2017 is 0.14 % of the Revenue from operations (March 31, 2016 : 0.22 %)

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

Credit risk from balances with banks and other financial instruments is managed by Group in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management, and may be updated throughout the year.

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

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

Derivatives

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

Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognised represent the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2017, March 31, 2016 and April 1, 2015 was as follows:

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Trade receivables	42,371.16	39,775.06	38,055.36
Cash and cash equivalents	8,443.69	3,417.50	1,832.36
Bank balances other than Cash and cash equivalents	4,820.20	2,181.67	1,364.94
Loans	1,711.25	1,711.28	1,733.79
Other financial assets	4,534.56	1,582.38	1,018.33
TOTAL	**61,880.86**	**48,667.89**	**44,004.78**

ii. Liquidity risk

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Management monitors rolling forecast of Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Expiring within one year			
- Fund based (Floating rate)	18,499.80	18,302.31	12,021.00
- Non fund based (Fixed rate)	17,124.00	12,512.00	11,874.00

(b) Maturities of financial liabilities

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

(₹ in lacs)

March 31, 2017	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	12,043.57	926.43	2,779.29	3,705.71	4,632.14	-
Interest Accrued but not due on Borrowings	27.29	27.29	-	-	-	-
Trade Payables (Due to micro and small enterprises)	486.79	486.79	-	-	-	-
Trade Payables (Other Trade Payables)	28,291.72	24,126.81	4,164.91	-	-	-
Employee payables	4,044.52	2,038.12	2,006.40	-	-	-
Security Deposits from Dealers	1,701.63	-	-	-	-	1,701.63
Security Deposits from Contractors	44.75	16.25	11.00	14.50	1.00	2.00
Unclaimed Dividends	44.69	44.69	-	-	-	-
Creditors for Capital Purchases	3,553.79	3,553.40	0.39	-	-	-
Other Payable	10,895.61	2,555.73	8,339.88	-	-	-
TOTAL	**61,134.36**	**33,775.51**	**17,301.87**	**3,720.21**	**4,633.14**	**1,703.63**

	Contractual cash flows					
March 31, 2016	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Term Loans from Banks	15,017.80	883.40	1,829.90	3,786.00	8,518.50	-
Interest Accrued but not due on Borrowings	27.54	27.54	-	-	-	-
Working Capital Loans from Banks	199.01	199.01	-	-	-	-
Trade Payables (Due to micro and small enterprises)	739.88	739.88	-	-	-	-
Trade Payables (Other Trade Payables)	35,869.45	30,038.27	5,831.18	-	-	-
Employee payables	3,695.52	2,118.34	1,577.18	-	-	-
Security Deposits from Dealers	1,657.21	-	-	-	-	1,657.21
Security Deposits from Contractors	48.25	5.50	-	28.75	12.00	2.00
Unclaimed Dividends	94.44	94.44	-	-	-	-
Creditors for Capital Purchases	2,216.98	2,216.98	-	-	-	-
Other Payable	9,095.92	1,918.63	7,177.29	-	-	-
TOTAL	**68,662.00**	**38,241.99**	**16,415.55**	**3,814.75**	**8,530.50**	**1,659.21**

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for the year ended March 31, 2017

(₹ in lacs)

		Contractual cash flows				
April 01, 2015	**Total**	**3 months or less**	**3-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Term Loans from Banks	5,000.00	833.33	2,500.00	1,666.67	-	-
Interest Accrued but not due on Borrowings	0.66	0.66	-	-	-	-
Working Capital Loans from Banks	6,479.37	6,479.37	-	-	-	-
Trade Payables (Due to micro and small enterprises)	424.21	424.21	-	-	-	-
Trade Payables (Other Trade Payables)	34,953.88	31,923.87	3,030.01	-	-	-
Employee payables	2,585.93	1,746.64	839.29	-	-	-
Security Deposits from Dealers	1,518.85	-	-	-	-	1,518.85
Security Deposits from Contractors	50.25	19.75	11.50	8.00	9.00	2.00
Unclaimed Dividends	26.75	26.75	-	-	-	-
Creditors for Capital Purchases	2,877.70	2,877.70	-	-	-	-
Other Payable	7,957.91	2,081.56	5,876.35	-	-	-
TOTAL	**61,875.51**	**46,413.84**	**12,257.15**	**1,674.67**	**9.00**	**1,520.85**

iii. Market risk

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

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

Foreign Currency risk

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

The Group's risk management policy is to hedge around 50% to 100% of the net exposure with forward exchange contracts, having a maturity of upto 12 months. The remaining exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term requirements. Hedging decisions are based on rolling forex cash flow statement prepared and reviewed on a monthly basis. Such contracts are designated as cash flow hedges.

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

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

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Foreign currency risk exposure -

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015 are as below:

Non derivative

(fig. in lacs)

Particulars	March 31, 2017					
	INR	USD	EURO	JPY	CHF	GBP
Financial assets						
Cash and cash equivalents (EEFC Account)	10.09	0.16	-	-	-	-
Trade receivables	22,147.98	325.67	14.55	35.00	-	-
TOTAL	**22,158.07**	**325.83**	**14.55**	**35.00**	**-**	**-**
Financial liabilities						
Borrowings (Term Loan)	11,983.34	185.71	-	-	-	-
Trade payables	8,872.23	136.06	0.28	50.06	-	0.01
TOTAL	**20,855.57**	**321.77**	**0.28**	**50.06**	**-**	**0.01**

(fig. in lacs)

Particulars	March 31, 2016					
	INR	USD	EURO	JPY	CHF	GBP
Financial assets						
Cash and cash equivalents (EEFC Account)	895.57	13.52	-	-	-	-
Trade receivables	19,801.83	292.39	5.70	-	-	-
TOTAL	**20,697.40**	**305.91**	**5.70**	-	-	-
Financial liabilities						
Long term borrowings (ECB Loan)	14,938.47	225.47	-	-	-	-
Trade payables	13,393.21	204.02	(1.52)	41.81	(0.49)	
TOTAL	**28,331.68**	**429.49**	**(1.52)**	**41.81**	**(0.49)**	

(fig. in lacs)

Particulars	April 01, 2015					
	INR	USD	EURO	JPY	CHF	GBP
Financial assets						
Cash and cash equivalents (EEFC Account)	429.65	6.87	-	-	-	-
Trade receivables	19,618.11	309.18	4.38	-	-	-
TOTAL	**20,047.76**	**316.05**	**4.38**	-	-	-
Financial liabilities						
Long term borrowings	5,000.00	80.00	-	-	-	-
Trade payables	9,782.69	144.94	11.07	41.95	(0.20)	(0.31)
Buyers Credit	434.37	6.95	-	-	-	-
TOTAL	**15,217.06**	**231.89**	**11.07**	**41.95**	**(0.20)**	**(0.31)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

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

INR	Year-end spot rate		
	March 31, 2017	March 31, 2016	April 01, 2015
USD	64.85	66.26	62.50
EUR	69.29	75.40	67.19
JPY100	58.00	58.99	52.13
CHF	-	68.98	64.26
GBP	80.90	-	92.47

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2017				
1% movement				
USD	1.72	(1.72)	-	-
EUR	6.47	(6.47)	-	-
JPY100	(5.71)	5.71	-	-
TOTAL	**2.48**	**(2.48)**	**-**	**-**

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2016				
1% movement				
USD	(53.54)	53.54	-	-
EUR	3.56	(3.56)	-	-
JPY100	(16.13)	16.13	-	-
CHF	0.22	(0.22)		
TOTAL	**(65.89)**	**65.89**	**-**	**-**

Interest rate risk

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

Exposure to interest rate risk

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

(₹ in lacs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Fixed-rate instruments			
Financial assets	12,873.65	4,589.43	1,866.98
Variable-rate instruments			
Financial liabilities	8,296.73	12,443.27	8,146.04
TOTAL	**21,170.38**	**17,032.70**	**10,013.02**

Fair value sensitivity analysis for fixed-rate instruments

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

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Cash flow sensitivity analysis for variable-rate instruments

A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in lacs)

Effect	Profit or loss, net of tax		Impact on other components of equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
March 31, 2017				
Variable-rate instruments	(39.38)	39.38	-	-
Cash flow sensitivity (net)	**(39.38)**	**39.38**	**-**	**-**
March 31, 2016				
Variable-rate instruments	(49.76)	49.76	-	-
Cash flow sensitivity (net)	**(49.76)**	**49.76**	**-**	**-**

iv) Price risk

The Group's exposure to price risk arises from investment in mutual funds and classified in the balance sheet as fair value through profit and loss. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

v) Impact of Hedging activities

(a) Disclosure of hedge accounting on financial position

March 31, 2017						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (Assets) (₹ in lacs)**	**Carrying value of hedging instrument* (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	67.00	53,292.60	2,985.00	April 2017 - February 2018	1:1	US$1: INR 70.11

March 31, 2016						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (Assets) (₹ in lacs)**	**Carrying value of hedging instrument* (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	86.00	43,748.84	543.39	April 2016 - February 2017	1:1	US$1: INR 69.44

April 01, 2015						
Type of hedge and risk	**No. of outstanding contracts**	**Nominal Value (Assets) (₹ in lacs)**	**Carrying value of hedging instrument* (₹ in lacs)**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/rate**
Foreign exchange forward contracts	70.00	29,777.48	188.30	April 2015 - February 2016	1:1	US$1: INR 65.62

* Refer Note No. 8(g)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

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

(₹ in lacs)

March 31, 2017				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and loss**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	3,401.26	-	1,974.40	Revenue

(₹ in lacs)

March 31, 2016				
Type of hedge	**Change in value of hedging instrument recognised in other comprehensive income**	**Hedge ineffectiveness recognised in profit and loss account**	**Amount reclassified from cash flow hedging reserve to profit and loss**	**Line item affected in statement of profit and loss account because of this reclassification**
Foreign exchange forward contracts	313.13	-	(41.96)	Revenue

(c) Movement in the cash flow hedge reserve

(₹ in lacs)

Effective portion of Cash flow Hedges	
As at April 01, 2015	188.30
Add: Effective portion of gains/(losses) on cash flow hedges	313.13
Less: Amount reclassified to profit and loss account	(41.96)
Less: Deferred tax relating to above	122.89
As at March 31, 2016	**420.50**
Add: Effective portion of gains/(losses) on cash flow hedges	3,401.26
Less: Amount reclassified to profit and loss account	1,974.40
Less: Deferred tax relating to above	493.81
As at March 31, 2017	**1,353.55**

(d) Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of foreign forward exchange contract designated as cash flow hedges and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rate.

(₹ in lacs)

Effect	**Profit or loss, net of tax**		**Impact on other components of equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
March 31, 2017				
1% movement				
USD	-	-	348.49	(348.49)
March 31, 2016				
1% movement				
USD	-	-	286.08	(286.08)

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42 CAPITAL MANAGEMENT

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

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

(₹ in lacs)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Borrowings (Non-current)		8,296.73	12,244.26	1,666.67
Borrowings (Current)		-	199.01	6,479.37
Total Debt	A	8,296.73	12,443.27	8,146.04
Total Equity	B	162,717.85	117,092.38	91,646.48
Debt to Equity ratio	A/B	0.05	0.11	0.09

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

43 EVENTS AFTER REPORTING DATE

Refer to Note 15 for the final dividend recommended by the Directors which is subject to the approval of shareholders in the ensuing annual general meeting

44 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Group from April 1, 2017.

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The said amendment being only a disclosure requirement has not any impact either on the profit and loss for the period or any assets and liabilities recognised in the balance sheet.

45 FIRST TIME ADOPTION OF IND AS

As stated in note 2, these are the Group's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS statement of financial position at April 1, 2015 (the Group's date of transition). In preparing its opening Ind AS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Ind AS optional exemptions:

(i) Property, plant and equipment & Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

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for the year ended March 31, 2017

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(ii) Business combination

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date.

The Group has opted to restate business combinations on or after April 01, 2015.

(iii) Share based payment transactions

Ind AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives. A first-time adopter is encouraged, but is not required, to apply Ind AS 102 to: (i) equity instruments that vested before the date of transition to Ind AS, (ii) liabilities arising from share-based payment transactions that were settled before the date of transition to Ind AS. The Group has opted not to apply Ind AS 102 to the equity instruments vested before the date of transition..

(iv) Long-term foreign currency monetary items

Under previous GAAP, paragraph 46/46A of AS 11 The Effects of Changes in Foreign Exchange Rates, provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets could be added/deducted from the cost of the depreciable asset, which would then be depreciated over the balance life of the asset. In other cases, the exchange difference could be accumulated in a foreign currency monetary item translation difference account, and amortised over the balance period of such long term asset/ liability. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Group has opted the said exemption.

(v) Cumulative translation difference

Ind AS 21 requires exchange differences arising on translation of foreign operations to be recognised in other comprehensive income and then recognised as income or expense on disposal of the foreign entity to which they relate. These are known as 'cumulative translation differences'. Ind AS 101 contains an exemption which relieves entities from retrospective application of Ind AS 21 to determine the cumulative translation difference. A first-time adopter may elect not to calculate the translation difference related to foreign operations retrospectively. Instead, an entity may reset translation differences at the date of transition, determined in accordance with previous GAAP, to zero. The requirements of Ind AS 21 are then applied prospectively from the date of transition. The gain or loss on subsequent disposal of a foreign operation will only include foreign exchange differences that arose after the date of transition.

(B) Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 1, 2015 are reflected as hedges in the Group's results under Ind AS

The Group had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Group continues to apply hedge accounting on and after the date of transition to Ind AS.

(iv) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the derecognition principles of Ind AS 109 prospectively.

(v) Impairment of financial assets

An entity shall determine an approximate credit risk at the date when the financial instrument were initially recognised and compare that to the credit risk at the date of transition to Ind AS. This should be based on reasonable and supportable information that is available without undue cost or effort. If the entity is unable to make this determination without undue cost or effort, it shall recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

C. Reconciliation of Equity

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(₹ in lacs)

	Particulars	Note No.	As at March 31, 2016			As at April 01, 2015		
			IGAAP *	Adjustments	IND AS	IGAAP *	Adjustments	IND AS
I	**ASSETS**							
1	**Non Current Assets**							
a	Property, Plant & Equipment	1	87,016.21	(84.48)	86,931.73	52,888.55	-	52,888.55
b	Capital work-in-progress		5,873.82	-	5,873.82	12,219.74	-	12,219.74
c	Other Intangible assets		485.05	-	485.05	311.08	-	311.08
d	Intangible assets under development		1,256.31	-	1,256.31	1,104.30	-	1,104.30
e	Financial Assets							
	(i) Investments	11	4.13	28.20	32.33	4.13	34.78	38.91
	(ii) Loans	2	438.92	(48.91)	390.01	367.54	(32.18)	335.36
	(iii) Others		478.31	-	478.31	217.53	-	217.53
f	Other non-current assets	2	3,803.42	9.20	3,812.62	5,672.64	8.93	5,681.57
2	**Current Assets**							
a	Inventories		39,480.35	-	39,480.35	37,821.15	-	37,821.15
b	Financial Assets							
	(i) Trade receivables	3	39,778.01	(2.95)	39,775.06	38,257.65	(202.29)	38,055.36
	(ii) Cash and cash equivalents		3,417.50	-	3,417.50	1,832.36	-	1,832.36
	(iii) Bank balances other than (ii) above		2,181.67	-	2,181.67	1,364.94	-	1,364.94
	(iv) Loans	2	1,321.78	(0.51)	1,321.27	1,398.85	(0.42)	1,398.43
	(v) Others	3	1,105.38	(1.31)	1,104.07	884.27	(83.47)	800.80
c	Other current assets	2	8,283.80	36.58	8,320.38	8,612.33	20.84	8,633.17
	TOTAL		**194,924.66**		**194,860.48**	**162,957.06**		**162,703.25**
II	**EQUITY & LIABILITIES**							
1	**Equity**							
a	Equity Share Capital		1,371.27	-	1,371.27	1,365.76	-	1,365.76
b	Other Equity	1,2,3,4,5,6,7,11,12	115,810.82	(89.71)	115,721.11	88,279.66	2,001.06	90,280.72
2	**Non Current Liabilities**							
a	Financial Liabilities							
	(i) Borrowings	1	12,304.50	(60.24)	12,244.26	1,666.67	-	1,666.67
	(ii) Other financial liabilities		1,699.96	-	1,699.96	1,537.85	-	1,537.85
b	Provisions		1,162.66	-	1,162.66	795.29	-	795.29
c	Deferred tax liabilities (Net)	6	3,424.75	104.86	3,529.61	3,472.43	(115.85)	3,356.58
d	Other non-current liabilities		-	-	-	-	-	-
3	**Current Liabilities**							
a	Financial Liabilities							
	(i) Borrowings		199.01	-	199.01	6,479.37	-	6,479.37
	(ii) Trade payables		36,609.33	-	36,609.33	35,378.09	-	35,378.09
	(iii) Other financial liabilities	1	17,849.20	(19.09)	17,830.11	16,813.53	-	16,813.53
b	Other current liabilities		2,849.01	-	2,849.01	3,125.14	-	3,125.14
c	Provisions	5	793.12	-	793.12	2,705.65	(2,139.02)	566.63
d	Current Tax Liabilities (Net)		851.03	-	851.03	1,337.62	-	1,337.62
	TOTAL		**194,924.66**		**194,860.48**	**162,957.06**		**162,703.25**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

Reconciliation of total comprehensive income for the year ended March 31, 2016

(₹ in lacs)

	Particulars	Note No.	IGAAP *	Adjustments	IND AS
I.	**Revenue from Operations**	8	209,634.58	10,107.07	219,741.65
II.	**Other Income**	2	3,537.31	9.44	3,546.75
III.	**Total Revenue (I+II)**		**213,171.89**		**223,288.40**
IV.	**Expenses:**				
	Cost of materials consumed		111,114.32	-	111,114.32
	Purchase of Stock in Trade		6,731.61	-	6,731.61
	Changes in Inventories of finished goods, work in progress and stock in trade		(1,993.84)	-	(1,993.84)
	Excise Duty on sale of goods	8	-	10,107.07	10,107.07
	Employee benefit expense	4, 7	18,745.60	562.26	19,307.86
	Finance costs	1	952.74	7.07	959.81
	Depreciation and amortisation expense	1	5,429.90	(2.30)	5,427.60
	Other expenses	2, 3, 11	31,615.63	(264.29)	31,351.34
	Total expenses		**172,595.96**		**183,005.77**
V.	**Profit Before Tax (III-IV)**		**40,575.93**		**40,282.63**
	Income Tax Expense				
	Current Tax		(9,090.79)	-	(9,090.79)
	Deferred Tax	6	47.68	(84.33)	(36.65)
	Total tax expense		**(9,043.11)**		**(9,127.44)**
VI.	**Profit for the period**		**31,532.82**		**31,155.19**
VII.	**Other comprehensive income**				
A	(i) Items that will not be reclassified to profit or loss				
	Remeasurements gains/(losses) on defined benefit plans	7	-	26.32	26.32
	(ii) Income tax relating to the above item	6	-	(9.11)	(9.11)
B	(i) Items that will be reclassified to profit or loss				
	Effective portion of gains/(losses) on cash flow hedges	9	-	355.09	355.09
	Exchange difference on translation of foreign operations	10	-	12.59	12.59
	(ii) Income tax relating to the above item	6	-	(127.25)	(127.25)
VIII.	**Total comprehensive income(VI+VII)**		**31,532.82**		**31,412.83**

Reconcillation of Retained Earning as at March 31, 2016 and as as at April 01, 2015 :

(₹ in lacs)

	Particulars	Note No.	March 31, 2016	April 01, 2015
	Total Retained Earnings as per previous GAAP		**83,450.31**	**60,165.39**
	Adjustments:			
(i)	Fair valuation of Employee Stock Option Plan	4	(1,201.18)	(665.24)
(ii)	Provision for expected credit losses on trade receivables	3	(4.28)	(285.77)
(iii)	Proposed Dividend on equity shares and Dividend Distribution Tax thereon	5	-	2,139.02
(iv)	Remeasurement of Security deposits at amortised cost	2	(3.63)	(2.82)
(v)	Capitalisation reversal of processing costs on Long Term Loan	1	(5.15)	-
(vi)	Fair valuation of investment in Equity instruments	11	28.20	34.77
(vii)	Transfer of Foreign currency translation reserve to Retained earnings	10	(8.51)	(8.51)
(viii)	Deferred tax impact on Ind AS adjustments	6	22.41	115.85
	Total Adjustments		**(1,172.14)**	**1,327.30**
	Net retained earnings as per Ind AS		**82,278.17**	**61,492.69**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

D. Notes to first-time adoption:

1. Property, Plant and Equipment:

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying mount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP the Group capitalised processing costs on borrowings as incurred. At the date of transition, the Group elected to defer processing costs over the expected life of the borrowings which were outstanding on the date of transition. Accordingly as at March 31, 2016, the value of property, plant and equipment was decreased by ₹ 84.48 lacs and term loan decreased by ₹ 79.33 lacs. In statement of profit and loss for the year ended March 31, 2016 finance cost has increased by ₹ 7.07 lacs and depreciation has reduced by ₹ 1.92 lacs.

2. Security deposits

Under previous GAAP the Group has carried Security deposits paid to various authorities at cost, while as per Ind AS these are financial assets, and need to be measured at amortised cost using the effective interest method less any impairment losses. The Group has applied effective interest method to those deposits retrospectively which has resulted in a decrease in the value of deposit by ₹ 49.42 lacs as at March 31, 2016 (₹ 32.60 lacs as at April 1, 2015) and creation of a prepaid expense asset by ₹ 45.78 lacs as at March 31, 2016 (₹ 29.77 lacs as at April 1, 2015). As at April 1, 2015 the balance of retained earnings reduced by ₹ 2.82 lacs. In statement of profit and loss for the year ended March 31, 2016 rent expense has increased by ₹ 10.26 lacs and interest income has reduced by ₹ 9.44 lacs.

3. Trade receivables

As per Ind AS 109, the Group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by ₹ 4.28 lacs as at March 31, 2016 (April 1, 2015 ₹ 285.77 lacs). As at April 1, 2015 the balance of retained earnings reduced by ₹ 285.77 lacs. In statement of profit and loss for the year ended March 31, 2016 provision for bad and doubtful debts expense has decreased by ₹ 281.49 lacs.

4. Share based payments

Under Indian GAAP, the Group recognised only the intrinsic value of the stock options given under Employee Stock Option Plan (ESOP) as an expense. Ind AS requires the fair value of share options to be determined using an appropriate pricing model for the purpose of recognizing expense over the vesting period. Accordingly, a charge of ₹ 665.24 lacs based on fair value of such options outstanding as unvested as at April 1, 2015 has been recognised as a separate component of equity against retained earnings. In statement of profit and loss for the year ended March 31, 2016 employee compensation expense due to fair valuation of options increased by ₹ 535.94 lacs.

5. Short term provisions

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Therefore, the liability of ₹ 2,139.02 lacs (including dividend distribution tax) for financial year 2014-15 has been derecognised against retained earnings.

6. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to different temporary differences resulting in recognition of deferred tax. Deferred tax assets of ₹ 115.84 lacs were created as at April 1, 2015 due to Ind AS adjustments and correspondingly balance of retained earnings increased. For the year ended March 31, 2016 deferred tax expense recognised in statement of profit and loss was increased by ₹ 84.38 lacs and in other comprehensive income increased by ₹ 136.36 lacs.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2017

7. **Remeasurements of post-employment benefit obligations**

   Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by ₹ 26.32 lacs. There is no impact on the total equity as at March 31, 2016.

8. **Excise duty**

   Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 10,107.07 lacs. There is no impact on the total equity and profit.

9. **Effective portion of cash flow hedge reserve**

   Under Ind AS, effective portion of cash flow hedge reserve are recognised in other comprehensive income. As a result, income recognised in other comprehensive income for the year ended March 31, 2016 is ₹ 355.09 lacs. There is no impact on the total equity as at March 31, 2016.

10. **Foreign currency translation reserve**

    The group elected to reset the balance appearing in the foreign currency translation reserve to zero as at April 1, 2015. Accordingly, translation reserve balance under previous GAAP of ₹ 8.51 lacs has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment

11. **Fair valuation of investments**

    In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries and associates have been fair valued and are designated as investments classified as fair value through profit or loss. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost. Accordingly, as at April 1, 2015 an income of ₹ 34.78 lacs has been recognised against retained earnings. In statement of profit and loss for the year ended March 31, 2016 employee compensation expense due to fair valuation of options increased by ₹ 6.58 lacs.

12. There is no significant reconciliation item between cash flow prepared under Previous GAAP and those prepared under Ind AS.

As per our separate report of even date attached

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

Sd/-
Yogesh K Gupta
Partner
M. No.: 093214

Place: Gurugram
Date: May 16, 2017

For and on behalf of the Board of Directors

Sd/-
Narayan K. Seshadri
Chairman
DIN: 00053563

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

Sd/-
Jayashree Satagopan
Chief Financial Officer

Sd/-
Naresh Kapoor
Company Secretary

NOTICE

NOTICE is hereby given that the **70th Annual General Meeting** (AGM) of the members of **PI INDUSTRIES LIMITED** will be held as under:

Day	:	**Wednesday**
Date	:	**September 06, 2017**
Time	:	**10.00 A.M.**
Place	:	**P.P. Singhal Memorial Hall** **Udaipur Chamber of Commerce & Industry** **Chamber Bhawan, Chamber Marg, Madri Industrial Area** **Udaipur – 313001, Rajasthan**

to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (both Standalone and Consolidated) of the Company for the financial year ended March 31, 2017 and the Report of Directors and Auditors thereon.

2. To confirm the payment of Interim dividend and to declare final dividend on equity shares for the financial year ended March 31, 2017.

3. To appoint a Director in place of Mr. Rajnish Sarna (DIN 06429468),who retires by rotation,and being eligible, offers himself for re-appointment.

4. **Appointment of M/s. Price Waterhouse, LLP, Chartered Accountants as Statutory Auditors.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), as may be applicable, M/s. Price Waterhouse, LLP, Chartered Accountants (ICAI Regn. No.012754N/N500016), be and are hereby appointed as the Statutory Auditors of the Company in place of retiring auditors M/s. S.S. Kothari Mehta & Co., Chartered Accountants (ICAI Regn. No. 000756N), to hold office for a term of five years i.e. from the conclusion of this AGM till the conclusion of 75th AGM of the Company to be held in the year 2022, (subject to ratification of their appointment at every AGM, if so required under the Act), at such remuneration and out of pocket expenses as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

SPECIAL BUSINESS:

5. **Ratification of Cost Auditor's Remuneration.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force),the remuneration payable to M/s K.G. Goyal & Co., Cost Accountants, (Firm Regn. No. 000017), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2018 amounting to ₹ 2.75 lacs plus applicable taxes and reimbursement of out of pocket expenses incurred in connection with the audit be and is hereby ratified."

6. **Appointment of Mr. Arvind Singhal (DIN: 00092425) as Director, liable to retire by rotation.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Arvind Singhal (DIN: 00092425), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f October 5, 2016, in terms of Sec 161(1) of the Companies Act, 2013 and Article 94 of the Articles of Association of the Company and whose term of office expires at the ensuing AGM and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **Appointment of Dr T.S. Balganesh (DIN: 00648534), as an Independent Director.**

   To consider and, if thought fit, to pass with or without modification(s),the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sec 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr T.S. Balganesh (DIN: 00648534), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. May 16, 2017, in terms of Section 161(1) of the Companies Act, 2013 and Article 94 of the Articles of Association of the Company and whose term of office expires at the ensuing AGM and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the

Company, to hold office for a term comprising of 3 consecutive years from the date of ensuing AGM of the Company and his office shall not be subject to retirement by rotation."

8. **Re-appointment of Mr. Mayank Singhal (DIN: 00006651) as Managing Director & CEO.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT pursuant to the recommendations of the Board, Nomination and Remuneration Committee and pursuant to the provisions of Sec 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule V of the Companies Act, 2013 and provisions as contained in Articles of Association of the Company, approval of the members of the Company be and is hereby accorded for re-appointment of Mr. Mayank Singhal (DIN: 00006651), as the Managing Director & CEO of the Company, for a further period of 5 years w.e.f. October 1, 2017, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice with liberty and power to the Board of Directors (herein referred to as the "Board" which expression shall also include the 'Nomination and Remuneration Committee' of the Board), to grant increment and to alter and vary from time to time, the terms and conditions of the said re-appointment, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as, in its absolute discretion, it may be considered necessary, expedient or desirable, including power to sub-delegate in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit."

9. **Re-appointment of Mr. Rajnish Sarna (DIN: 06429468) as Whole-time Director.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT pursuant to the recommendations of the Board, Nomination and Remuneration Committee and pursuant to the provisions of Sec 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule V of the Companies Act, 2013 and provisions contained in Articles of Association of the Company, approval of the members of the Company be and is hereby accorded for re-appointment of Mr. Rajnish Sarna (DIN: 06429468), as the Whole-Time Director of the Company, for a further period of 5 years w.e.f. November 7, 2017, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice with liberty and power to the Board of Directors (herein referred to as the "Board" which expression shall also include the 'Nomination and Remuneration Committee' of the Board), to grant increment and to alter and vary from time to time, the terms and conditions of the said re-appointment, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as, in its absolute discretion, it may be considered necessary, expedient or desirable, including power to sub-delegate in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit."

10. **Re-appointment of Mr. Narayan K. Seshadri (DIN 00053563), as an Independent Director.**

    To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

    "RESOLVED THAT pursuant to the provisions of Sec 149, 152 and any other applicable provisions of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Narayan K. Seshadri (DIN 00053563), who was appointed as an Independent Director of the Company by the shareholders in their Annual General Meeting held on September 10, 2014 for a period of 3 years ending upon the conclusion of ensuing AGM, and in respect of whom the company has received a notice in writing from a member in terms of Sec 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Mr. Narayan K. Seshadri for the office of a Director of the Company, be and is hereby re-appointed as an Independent Director of the Company for a second term comprising a period of 5 years with effect from the conclusion of this AGM of the Company and his office shall not be subject to retirement by rotation."

11. **Re-appointment of Mr. Pravin K. Laheri (DIN 00499080), as an Independent Director.**

    To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

    "RESOLVED THAT pursuant to the provisions of Sec 149, 152 and any other applicable provisions of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Pravin K. Laheri (DIN 00499080), who was appointed as an Independent Director of the Company by the shareholders in their Annual General Meeting held on September 10, 2014 for a period of 3 years ending upon the conclusion of ensuing AGM, and in respect of whom the company has received a notice in writing from a member in terms of Sec 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Mr. Pravin K. Laheri for the office of a Director of the Company, be and is hereby re-appointed as an Independent Director of the Company for a second term comprising a period of 5 years with effect from the conclusion of this AGM of the Company and his office shall not be subject to retirement by rotation."

12. **Re-appointment of Ms. Ramni Nirula (DIN: 00015330), as an Independent Director.**

    To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

    "RESOLVED THAT pursuant to the provisions of Sec 149, 152 and any other applicable provisions of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Ramni Nirula(DIN: 00015330), who was appointed as an Independent Director of the Company by the shareholders in their Annual General Meeting held on September 10, 2014 for a period of 3 years ending upon the conclusion of ensuing AGM, and in respect of whom the company has received a notice in writing from a member in terms of Sec 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Ms. Ramni Nirula for the office of a Director of the Company, be and is hereby re-appointed as an Independent Director of the Company for a second term comprising a period of 5 years with effect from the conclusion of this AGM of the Company and her office shall not be subject to retirement by rotation."

13. **Determination of fee for Service of Documents to Shareholders of the Company.**

    To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

    "RESOLVED THAT pursuant to the provisions of Section 20 of Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed thereunder, whereby a document may be served on any shareholder by the Company by sending it to him by post or by registered post or by courier or by delivery to his registered address or by such electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to charge from the member(s) in advance an amount equivalent to the estimated actual expenses of delivery of the documents pursuant to any request made by shareholder for delivery of such document to him through a particular mode of services mentioned above provided such request along with the requisite fee has been duly received by the company at least one week in advance of the despatch of the documents by the Company and that no such request will be entertained by the Company after the despatch of such documents by the Company to the shareholder.

    RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Directors or any Key Managerial personnel of the company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter as aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to above resolution."

By Order of the Board
For PI Industries Ltd

sd/-

Naresh Kapoor
Company Secretary
M No. : ACS-11782

Dated: July 18, 2017
Place: Gurugram

Regd. Office
Udaisagar Road,
Udaipur - 313001
Rajasthan
CIN: L24211RJ1946PLC000469

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from **Friday, September 01, 2017 to Wednesday, September 06, 2017 (both days inclusive)** for the purpose of Annual General Meeting and for determining the names of members eligible for final dividend on Equity Shares, if declared, at the meeting.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

   Pursuant to provisions of Section 105 of the Companies Act, 2013, read with the applicable rules thereon, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

   The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. A blank proxy form (MGT 11) is attached herewith.

4. Under Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Further, equity shares in respect of which there is unclaimed dividend for last seven years, shall also be transferred to IEPF Suspense Account in accordance with the guidelines issued by the Ministry of Corporate Affairs.

   The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which are applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the last Annual General Meeting (AGM) held on September 09, 2016, on the website of the IEPF. www.iepf.gov.in and under "Investors Section" on the Website of the Company given below. www.piindustries.com.

   Members who have not encashed their dividend warrants are advised to write to the Company immediately, claiming dividend(s) declared by the Company.

5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

7. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.

8. Details as required in sub-regulation (3) of Regulation 36 of the Listing Regulations in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, are given and forms integral part of the notice. Requisite declarations have been received from the Directors for their appointment/ reappointment.

9. Electronic copy of the Notice of the 70th Annual General Meeting of the Company inter-alia indicating the process and manner of electronic voting ('e-voting') along with Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 70th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent in the permitted mode.

10. Members may also note that the Notice of the 70thAnnual General Meeting, Attendance Slip, Proxy Form, Route Map, and the Annual Report for 2016-17 will also be available on the Company's website www.piindustries.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Udaipur for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.

    For any communication, the shareholders may also send requests to the Company's investor email id: investor.grievance@piind.com.

11. Voting through electronic means

    I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015

('Amended Rules 2015') and Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 70th AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system

from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited(NSDL).

II. The facility for voting through electronic voting system shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through electronic voting system.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on Friday, September 01, 2017 (9:00 am) and ends on Tuesday, September 05, 2017 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerializedform, as on the cut-off date August 29, 2017 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

VI. The process and manner for remote e-voting are as under:

A. Member whose email IDs are registered with the Company/Depository Participants(s) will receive an email from NSDL informing them of their User-ID and Password. Once the Members receive the email, he or she will need to go through the following steps to complete the e-voting process:

(i) Open email and open PDF file titled; "PI Industries remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholder – Login

(iv) Enter the user ID and password as initial password/PIN noted in step (i) above. Click on Login.

NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com.

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).

(v) After successful login, you can change the password with new password of your choice.

vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(vii) Select "REVEN" of PI Industries Limited.

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and Remember to "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authorization letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer through e-mail to akfriends38@yahoo.co.in or naresh.kapoor@piind.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:

(i) The Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

REVEN (Remote e-voting Event Number) USER ID ___________ PASSWORD/PIN ___________________

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

VII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990

Members may also write to the Company Secretary at the email-id naresh.kapoor@piind.com or contact at telephone no. 0124-6790000.

VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of August 29, 2017.

IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. August 29, 2017, may obtain the user ID and password by sending a request at evoting@nsdl.co.in

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

X. Mr. Ashish K. Friends, Practicing Company Secretary (Membership No. F-4056) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of electronic voting system for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XII. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter sign the same and declare the result of the voting forthwith.

XIII. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.piindustries.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and NSE, Mumbai.

12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to certain Ordinary Business and all the Special Businesses mentioned in the accompanying Notice:

Item No. 4

M/s S. S Kothari Mehta & Co, Chartered Accountants, (ICAI Firm Registration No. 000756N) have completed a term of ten years and they shall be completing the transition period of 3 years as provided under the Act for a Company to appoint new Auditors at the ensuing Annual General Meeting .

The Board of Directors has, based on the recommendation of the Audit Committee, at its meeting held on May 16, 2017, proposed the appointment of M/s Price Waterhouse. LLP, Chartered Accountants (Firm Registration No. 012754N/N500016) as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of this AGM till the conclusion of the Seventy Fifth (75th) AGM of the Company to be held in 2022, subject to ratification of their appointment at every AGM, if required under the Act.

M/s Price Waterhouse, LLP have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act. The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members. None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution at Item No. 4 of the Notice.

Item No. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration payable to M/s K.G. Goyal & Co., Cost Accountants, (Firm Regn. No. 000017), the Cost Auditors of the Company, to conduct audit of the cost records maintained by the Company across various segments on which Cost Audit Rules are applicable for the financial year ending March 31, 2018.

In terms of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors needs ratification by the members of the Company.

None of the Directors / Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution as set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6

The Board of Directors, on recommendation of the Nomination and Remuneration Committee at their meeting held on October 05, 2016 appointed Mr. Arvind Singhal (DIN: 00092425) as an Additional Director on the Board of the Company w.e.f. October 5, 2016. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 read with Article 94 of the Articles of Association of the Company, Mr. Arvind Singhal will hold office upto the date of ensuing AGM. The Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Mr. Arvind Singhal as Director of the Company, liable to retire by rotation, along with the prescribed deposit of ₹ 100,000/-.

Save and except Mr. Arvind Singhal and Mr. Mayank Singhal and their relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution as set out in item no. 6. Mr. Arvind Singhal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to be appointed as a Director. Keeping in view his rich and varied experience, the Board recommends the appointment of Mr. Arvind Singhal as Director liable to retire by rotation as set out in Item No. 6 of the notice as an Ordinary Resolution to the members for their approval. Brief profile of Mr. Arvind Singhal is given at the end of the explanatory statement to this notice for the information of members and also available on company's website.

Item No. 7

The Board of Directors, on recommendation of the Nomination and Remuneration Committee at their meeting held on May 16, 2017 appointed Dr T. S. Balganesh (DIN: 00648534) as an Additional Director on the Board of the Company w.e.f. May 16, 2017. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 read with Article 94 of the Articles of Association of the Company, Dr T. S. Balganesh will hold office upto the date of ensuing AGM. The Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Dr T.S Balganesh as Independent Director of the Company.

Dr T.S Balganesh is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to be appointed as a Director. The Company has received a declaration from Dr T.S. Balganesh to the effect that he fulfills all criteria for independence stipulated in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board of Directors, Dr T.S. Balganesh is independent of the management of the Company and fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and Regulation 16 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 for appointment as an independent director. Further the Board of Directors is of the opinion that Dr T.S. Balganesh is a person of integrity and has relevant experience and expertise for him to be appointed as an Independent Director.

A copy of the draft letter for the appointment of Dr T. S. Balganesh as an Independent Director setting out the terms and conditions for appointment of Independent would be available for inspection by the members without any fees at the registered office of the Company during normal business hours on any working day up to the date of AGM.

A brief profile of Dr T. S. Balganesh along with the required particulars is given at the end of the explanatory statement to the notice for the information of the members. Keeping in view his rich and varied experience, the Board recommends the resolution as set out at Item No.7 of the Notice to the members for approval of Dr T. S. Balganesh appointment as an Independent Director not liable to retire by rotation.

Except Dr T. S. Balganesh, none of the other Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution as set out at item No. 7 of the Notice.

Item No. 8

The members of the Company at their meeting held on August 29, 2013, had approved the re-appointment of Mr. Mayank Singhal as Managing Director& CEO of the Company for a period commencing from April 01, 2013 till September 30, 2017. The present tenure of Mr. Mayank Singhal as Managing Director& CEO expires on September 30, 2017. As per the provisions of Sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013, a Company having profits in a financial year, may pay any remuneration to the managerial person(s) by way of salary, perquisites, commission and other allowances which shall not exceed 5% of its net profit for one such managerial person and if there are more than one such managerial person, 10% of its net profits for all of them together. As recommended by the Nomination & Remuneration Committee of the Board of Directors and in view of the growth achieved by the Company under the able leadership of Mr. Mayank Singhal as Managing DIrector & CEO, the Board of Directors in its meeting held on May 16, 2017, re-appointed Mr. Mayank Singhal as Managing Director& CEO of the Company for a further period of 5 years w.e.f. October 1, 2017, subject to the approval of the members of the Company, on the terms and conditions, including minimum remuneration, as detailed hereunder:

Terms of re-appointment and remuneration payable to Mr. Mayank Singhal as Managing Director & CEO w.e.f. October 1, 2017:

1. **Period:** 1st October, 2017 to 30th September, 2022
2. **Remuneration:**

A. Salary:

₹20,00,000/- per month in the range of ₹20,00,000/- to ₹30,00,000/- per month with such increment(s) from time to time as the Board /Nomination & Remuneration Committee of Directors may deem fit.

B. Perquisites:

The perquisites and allowances payable to Mr. Mayank Singhal, Managing Director & CEO would be, subject to overall ceiling of 100% of the salary inclusive but not limited to following perquisites:

i. **Housing**: The Company to provide rent-free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof. The reimbursement of expenses for utilities such as gas, electricity, water, furniture/ furnishings, repairs, servant's salaries and services of sweepers, watchman, gardener.

ii. **Medica**l: Expenses incurred for him and his family shall be reimbursed in accordance with the applicable rules of the Company

iii. **Leave Travel**: Expenses towards leave travel shall be reimbursed for him and his family (including dependents) in accordance with the applicable rules of the Company.

iv. **Club fees:** Fees of clubs subject to a maximum of two clubs.

v. **Personal Accident Insurance:** The Company to pay the premium for the personal accident insurance policy taken for self.

vi. **Car and Telephone:** The provision of car for use for Company's business and telephone at the residence for Company's business will not be considered as perquisites.

vii. **Provident Fund, Superannuation Fund, Gratuity and Leave Encashment:** Company's contribution to Provident Fund and Superannuation Fund and payment of Gratuity and Encashment of Leave would be as per the rules of the Company. However, Company's contribution to Provident Fund and Superannuation Fund to the extent these (either singly or together) are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

C. Commission:

Such remuneration by way of commission, in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the provisions of the Companies Act, 2013.

D. Minimum remuneration

Notwithstanding anything to the contrary herein contained, wherein any financial year during the tenure of Mr. Mayank Singhal, as Managing Director & CEO, the Company has no profits or its profits are inadequate, the salary and perquisites payable to him shall not exceed the limits as laid down in provisions of the Companies Act, 2013 as modified from time to time.

Other terms and conditions:

a. Annual increment shall fall due on 1st April each year during his tenure as Managing Director & CEO.

b. The terms and conditions of appointment may be altered and varied by the Nomination and Remuneration Committee and the Board of Directors as they may deem fit at their discretion, in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard.

A brief profile of Mr. Mayank Singhal along with the required particulars is given at the end of the explanatory statement to the notice for the information of the members. Accordingly, the Board of Directors recommends the resolution as set out at Item No. 8 of the Notice for members' approval.

Save and except Mr. Mayank Singhal and Mr. Arvind Singhal and their relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution as set out in item no. 8 of the Notice.

Item No. 9

The members of the Company, through Postal Ballot on January 18, 2013, had approved the appointment of Mr. Rajnish Sarna as Whole-time Director of the Company for a period of 5 years effective from November 07, 2012. The present tenure of Mr. Rajnish Sarna as Whole-time Director expires on November 06, 2017. As per the provisions of Sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013, a Company having profits in a financial year, may pay any remuneration to the managerial person(s) by way of salary, perquisites, commission and other allowances which shall not exceed 5% of its net profit for one such managerial person and if there are more than one such managerial person, 10% of its net profits for all of them together. As recommended by the Nomination & Remuneration Committee of the Board of Directors and keeping in view the contribution made by Mr. Rajnish Sarna in the excellent performance of Company and also his important role in the future direction and growth of the Company, the Board of Directors in its meeting held on May 16, 2017, re-appointed Mr. Rajnish Sarna as Whole-time Director of the Company for a further period of 5 years w.e.f. November 07, 2017, subject to the approval of the members of the Company, on the terms and conditions, including minimum remuneration, as detailed hereunder:

Terms of re-appointment and remuneration payable to Mr. Rajnish Sarna as Whole-Time Director with effect from November 7, 2017:

1. **Period:** November 7, 2017 to November 06, 2022

2. **Remuneration:**

A. Salary:

₹15,00,000/- per month in the range of ₹15,00,000/- to ₹25,00,000/- per month with such increment from time to time as the Board / Remuneration Committee of Directors may deem fit.

B. Perquisites:

The perquisites and allowances payable to Mr. Rajnish Sarna, Whole-Time Director would be, subject to overall ceiling of 100% of the salary inclusive but not limited to following perquisites:

i. **Housing:** The Company to provide rent-free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof. The reimbursement of expenses for utilities such as gas, electricity, water, furniture/ furnishings, repairs, servant's salaries and services of sweepers, watchman, gardener.

ii. **Medical:** Expenses incurred for him and his family shall be reimbursed in accordance with the applicable rules of the Company.

iii. **Leave Travel**: Expenses towards leave travel shall be reimbursed for him and his family (including dependents) in accordance with the applicable rules of the Company.

iv. **Club fees:** Fees of clubs subject to a maximum of two clubs.

v. **Personal Accident Insurance:** The Company to pay the premium for the personal accident insurance policy taken for self.

vi. **Car and Telephone:** The provision of car for use for Company's business and telephone at the residence for Company's business will not be considered as perquisites.

vii. **Provident Fund, Gratuity and Leave Encashment:** Company's contribution to Provident Fund, payment of Gratuity and Encashment of Leave would be as per the rules of the Company. However, Company's contribution to Provident Fund to the extent these (either singly or together) are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

C. Commission

In addition to the above, he shall also be entitled to Commission as may be approved by the Nomination and Remuneration Committee/ Board of Directors from time to time.

D. Minimum remuneration

Notwithstanding anything to the contrary herein contained, wherein any financial year during the tenure of Mr. Rajnish Sarna, Whole-time Director, the Company has no profits or its profits are inadequate, the salary and perquisites payable to him shall not exceed the limits as laid down in provisions of the Companies Act, 2013 as modified from time to time.

Other terms and conditions:

a. Annual increment shall fall due on 1st April each year during his tenure as Whole-time Director.

b. The terms and conditions of appointment may be altered and varied by the Nomination and Remuneration Committee and the Board of Directors as they may deem fit at their discretion, in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard.

A brief profile of Mr. Rajnish Sarna along with the required particulars is given at the end of the explanatory statement to the notice for the information of the members. Accordingly, the Board of Directors recommends the resolution as set out at Item No. 9 of the Notice for members' approval.

Save and except Mr. Rajnish Sarna, the appointee, none of the other Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested in the resolution as set out at item No. 9 of the Notice.

Item Nos. 10 to 12

The shareholders of the company in their Annual General Meeting held on September 10, 2014 had appointed the Independent Directors namely Mr. Narayan K. Seshadri (DIN: 00053563), Ms. Ramni Nirula (DIN: 00015330) and Pravin K. Laheri (DIN: 00499080) for a period of 3 years to hold office till the conclusion of Annual General Meeting to be held in 2017.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee which has taken in to consideration the skills, experience, knowledge and performance evaluation of these directors recommended the appointment of Mr. Narayan K. Seshadri (DIN: 00053563), Ms. Ramni Nirula (DIN: 00015330) and Pravin K. Laheri (DIN: 00499080) for another term of 5 years from the conclusion of this AGM, subject to approval of shareholders by way of special resolution by members

The terms and conditions of the appointment of Mr. Narayan K. Seshadri, Ms. Ramni Nirula and Mr. Pravin K. Laheri pursuant to the provisions of Schedule IV of the Act shall be open for inspection at the Registered Office of the Company by any Member during the normal business hours on any working day of the Company.

A brief profile of these Independent Directors along with the required particulars are given at the end of the explanatory statement to the notice for the information of the members. The Board of Directors recommends the resolutions as set out at Item Nos. 10 to 12 for approval of the Members of the Company.

Except Mr. Narayan K. Seshadri, Ms. Ramni Nirula and Mr. Pravin K. Laheri, who all may be deemed to be interested in the passing of the resolution at Item No. 10 to 12, since it relates to their re-appointment, None of the other Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the resolutions set out at item Nos. 10 to 12.

Item No. 13

As per the provisions of Section 20 of the Companies Act, 2013, a member may request for any document through a particular mode, for which the member shall pay such fees as may be determined by the Company in its Annual General Meeting. Since the cost of providing documents may vary according to the mode of service, weight and its destination etc., therefore it is proposed that actual expense borne by the Company for such dispatch will be paid in advance by the member to the company. The Board recommends the resolution at item no. 13 for the approval of the Shareholders. None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the proposed resolution.

Profile of Directors proposed to be appointed/ re-appointed.

As required by Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standard - 2, the particulars of Directors who are proposed to be appointed/ reappointed at the 70th Annual General Meeting, are given below:

The details of Board and Committee Meetings attended by these Directors during the year 2016-17 are stated in the Corporate Governance Report. The details of remuneration are provided in the respective resolutions and in the Explanatory Statement.

Name of the Director	**Mr. Mayank Singhal (DIN: 00006651)**	**Mr. Rajnish Sarna (DIN : 06429468)**
Date of Birth	March 3, 1973	June 8, 1969
Age	44 Years	48 Years
Date of Appointment	September 28, 1998	November 7, 2012
Qualification	Engineering & Management Graduate from United Kingdom.	Chartered Accountant
Expertise in specific functional area	Mr. Mayank Singhal is an Engineering and Management graduate from United Kingdom. He has joined PI in 1996 and was appointed as Joint Managing Director in 2004. He was further appointed as Managing Director and CEO of the Company with effect from December 1, 2009. He has more than 20 years of experience in the field of chemicals, intermediate and agrochemical industries and has been instrumental in transformation of the Company, taking PI Industries to newer heights, with his entrepreneual and business management skills. He has spearheaded the professional transformation of the Company with a vision to be at the forefront of science led opportunities by delivering solutions. He has also been responsible for bringing changes in policies, transforming operations and systems, thus providing synergy to various business activities of the Company. He also holds the position of Director on the Board of PI Life Science Research Ltd., PILL Finance and Investment Ltd., DLF Brands Ltd., TP Buildtech Pvt. Ltd. and Fratelli Wines Pvt. Ltd.	Mr. Rajnish Sarna is a qualified Chartered Accountant and has a diverse experience of over 26 years in the areas of Business Development and Strategy, Customer Relationship Management, Operations, Finance, Risk Management, Legal Contracting and Compliances, Investor relations, Information Technology and Process Re-engineering, etc. Using his enormous skills and knowledge of PI Business model, he has played a faciliator role at Board and the Management Committee for past several years and has been instrumental in formulation and implementation of growth strategies at PI. Some of the key initiatives at PI includes development of export market for Company's Agro-Chemical products, maiden private equity funding, setting up of robust information management systems including implementation of SAP etc. His current role is focusing on Business Development & Alliances with Global Partners for manufacturing and export Business. He also serves on the Board of PI Life Science Research Ltd, PILL Finance and Investment Ltd., and Solinnos Agro Sciences Pvt Ltd.
Disclosure of Relationships between directors inter-se.	Mr. Mayank Singhal is related to Mr. Arvind Singhal as Nephew.	None
No. of equity shares held in the Company (as on March 31, 2017).	3,20,28,510 equity shares	2,20,545 equity shares
Names of the Listed entities in which the person also holds the directorship.	PI Industries Ltd.	PI Industries Ltd.
List of committees of Board of Directors (only listed entities) in which Chairmanship/ membership is held (includes only Audit Committee and Stakeholders Relationship Committee.	<u>Stakeholders Relationship Committee</u> a. PI Industries Ltd. – Member	<u>Audit Committee</u> a. PI Industries Ltd. - Member <u>Stakeholders Relationship Committee</u> a. PI Industries Ltd. - Member

Name of the Director	**Mr. Narayan K. Seshadri (DIN: 00053563)**	**Mr. Pravin K. Laheri (DIN:00499080)**
Date of Birth	April 13, 1957	March 28, 1945
Age	60 Years	72 Years
Date of Appointment	January 27, 2006	January 20, 2010
Qualification	Chartered Accountant	B.A (Hons.), M.Sc. (Eco.), L.L.B

Expertise in specific functional area	Mr. Narayan K. Seshadri has started his career with Arthur Anderson in business consultancy. Subsequently, he joined KPMG and became the Managing Partner of the business advisory practice of the firm in India. His expertise is in the areas of strategy planning, good management practices and financial engineering. He has been appointed as Non-Executive Chairman on the Board of the Company w.e.f. October 05, 2016. He also holds the position of Non-Executive Chairman on the Board of Magma Fincorp. Ltd., IRIS Business Services Ltd, AstraZeneca Pharma India Ltd. and also serves on the Board of Halcyon Resources and Management Pvt. Ltd., TVS Investment Ltd., A2O Software India Pvt. Ltd., Kalpataru Power Transmission Ltd., Wabco India Ltd., Tranzmute Capital & Management Private Limited, SBI Capital Markets Ltd., Radiant Life Care Pvt. Ltd., Halcyon Enterprises Pvt. Ltd., TVS Electronics Ltd., The Clearing Corporation of India Ltd., KKR ARC India Pvt. Ltd., TVS Wealth Pvt. Ltd., Chanel Estates Pvt. Ltd. and ERLPhase Technologies Ltd.	Mr. Pravin K. Laheri (IAS, Retd., Gujarat cadre) studied at St. Xavier's College and Government Law College, Mumbai. He joined the Indian Railways in 1967 and the Indian Administrative Services in 1969. He served in the Government of Gujarat in various capacities - District Development Officer (Jamnagar), Collector (Banaskantha), Director - Cottage Industries, Joint Secretary (Education Department), Industries Commissioner, Principal Secretary to Five Chief Ministers of Gujarat, Principal Secretary (Rural Development, Information etc.) and Chief Secretary. He also worked as Executive Director of the National Institute of Fashion Technology (NIFT) in the Government of India. He was Chairman and Managing Director of Sardar Sarovar Narmada Nigam Limited. Mr. Pravin K. Laheri is also on the Board of Gujarat Pipavav Port Ltd., Cue Strategic Inputs Pvt. Ltd., Gulmohar Greens Golf & Country Club Ltd., DMCC Oil Terminal (Navlakhi) Ltd., Ambuja Cements Foundation, Amap Management Consultancy Pvt. Ltd. and Sintex Plastic Technology Limited
Disclosure of Relationships between directors inter-se	None	None
No. of equity shares held in the Company (as on March 31, 2017)	7,64,013 equity shares	Nil
Names of the Listed entities in which the person also holds the directorship	a. PI Industries Ltd. b. Magma Fincorp Ltd. c. Wabco India Ltd. d. Kalpataru Power Transmission Ltd. e. TVS Electronics Ltd. f. AstraZeneca Pharma India Ltd.	a. PI Industries Ltd. b. Gujarat Pipavav Ltd.
List of committees of Board of Directors (only listed entities) in which Chairmanship/ membership is held (includes only Audit Committee and Stakeholders Relationship Committee.	<u>Audit Committee</u> a. PI Industries Ltd. - Chairman b. Magma Fincorp Ltd. - Chairman c. Wabco India Ltd. - Chairman d. Kalpataru Power Transmission Ltd. - Member e. AstraZeneca Pharma India Ltd. - Member	<u>Stakeholders Relationship Committee</u> a. PI Industries Ltd. - Chairman <u>Audit Committee</u> a. Gujarat Pipavav Ltd. - Chairman

Name of the Director	**Ms. Ramni Nirula (DIN : 00015330)**	**Mr. Arvind Singhal (DIN: 00092425)**
Date of Birth	May 27, 1952	November 29, 1947
Age	65 Years	69 Years
Date of Appointment	July 28, 2010	October 05, 2016
Qualification	Bachelor's Degree in Economic and Master's Degree in Business Admn.	M.Com
Expertise in specific functional area	Mrs. Ramni Nirula retired from the position of General Manager of ICICI Bank Ltd. and has more than three decades of experience in the financial sector, beginning her career with the ICICI in 1976 in the project appraisal division. She has held various leadership positions in areas of Project Financing, Strategy, Planning and Resources and Corporate Banking. Mrs. Ramni Nirula was the Managing Director & CEO of ICICI Securities Ltd. and also headed the Corporate Banking Group of ICICI Bank. She is also on the Board of Jubilant Food Works Ltd, Utkarsh Micro Finance Ltd, Avantha Ergo Life insurance Company Ltd., McLeod Russel India Ltd., Sona Koya Steering Systems Ltd., DRN Investments and Agriculture Pvt. Ltd., TAMA Investments & Finance Pvt. Ltd., Eveready Industries India Ltd., Avantha Holdings Ltd., DCM Shriram Ltd. and CG Power and Industrial Solutions Ltd. She is also a member of the Advisory Board of IKP Knowledge Park Ltd., Hyderabad.	Mr. Arvind Singhal, an entrepreneur, possess rich Industry experience of more than 4 decades spanning across various industries like mining & mineral processing, agro-chemicals and specialized chemicals, Electronic Metering System etc. Mr. Arvind Singhal is currently holding the position of Managing Director in M/s Wolkem India Ltd. He also serves on the Board of Secure Meters Limited, Mynores India Pvt Ltd. Wolkem Lime Ltd., Wolkem Talc Pvt. Ltd., Wolkem Omega Minerals India Pvt. Ltd. He had also served the Board of PI Industries Ltd. in the capacity of Joint Managing Director from Dec '79 till Dec' 2001 and after stepping down from executive position, served as a Director till Dec, 2006. Mr. Arvind Singhal has been actively associated with Business chambers like FIMI (as member of governing council), CII, FICCI & ASSOCHAM. He serves as the Patron of Udaipur Chamber of Commerce & Industry and is Member of Federation of Mining Associations of Rajasthan. He is the Chairman of Standing Committee for Non-metalic Mineral and Industries of FIMI.

Disclosure of Relationships between directors inter-se	None	Mr. Arvind Singhal is related to Mr. Mayank Singhal as Uncle.
No. of equity shares held in the Company (as on March 31, 2017)	Nil	Nil
Names of the Listed entities in which the person also holds the directorship	a. PI Industries Ltd. b. Sona Koyo Steering Systems Ltd. c. DCM Shriram Ltd. d. Jubilant FoodWorks Ltd. e. McLeod Russel India Ltd. f. Eveready Industries India Ltd. g. CG Power and Industrial Solutions Ltd.	a. PI Industries Ltd.
List of committees of Board of Directors (only listed entities) in which Chairmanship/ membership is held (includes only Audit Committee and Stakeholders Relationship Committee.	Audit Committee a. PI Industries Ltd. - Member b. Jubilant Food Works Ltd. - Member c. Eveready Industries India Ltd. - Member d. .DCM Shriram Ltd. - Member e. CG Power and Industrial Solutions Ltd. - Member Stakeholders Relationship Committee a. Jubilant Food Works Ltd., Chairperson	Nil

Name of the Director	**Dr T. S. Balganesh (DIN :00648534)**
Date of Birth	February 27, 1953
Age	64 Years
Date of Appointment	May 16, 2017
Qualification	Ph.D. in Medical Microbiology
Expertise in specific functional area	He holds PhD. in Medical Microbiology from University of Calcutta; completed his post-doctoral research at Brookhaven National Lab, USA and Max Planck Institute, Germany. He has been awarded an honorary doctoral degree from the University of Uppsala, Sweden. He has more than 30 years' experience in antibacterial drug discovery, including as Head of Research at AstraZeneca's antibacterial drug discovery unit in Bangalore. He also served as the Managing Director and member of the board of AstraZeneca India Pvt. Ltd. Currently, he is holding the position of President and a Director on the board of GangaGen Biotechnologies Pvt Ltd, Bangalore. He also serves as a director on the Board of Open Source Pharma Foundation, Bangalore and the board of IKP Knowledge Park, Hyderabad.
Disclosure of Relationships between directors inter-se	None
No. of equity shares held in the Company (as on March 31, 2017)	Nil
Names of the Listed entities in which the person also holds the directorship	PI Industries Ltd.
List of committees of Board of Directors (only listed entities) in which Chairmanship/ membership is held (includes only Audit Committee and Stakeholders Relationship Committee.	Nil

By Order of the Board
For PI Industries Ltd

Sd/-
Naresh Kapoor
Company Secretary
M No. : ACS-11782

Dated: July 18, 2017
Place: Gurugram

Regd. Office
Udaisagar Road,
Udaipur - 313001
Rajasthan
CIN: L24211RJ1946PLC000469

Inspired by Science

PI Industries Limited

CIN: L24211RJ1946PLC000469
Regd Office: Udaisagar Road, Udaipur–313 001 (Rajasthan)
Corporate Office: 5th Floor,Vipul Square, B-Block, Sushant Lok, Phase–I, Gurgaon–122 009
Email-ID:-investor.grievance@piind.com,Website:www.piindustries.com
Phone: 0124-6790000, Fax: 0124 –4081247

Form No.MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Venue of the meeting	:	P.P. Singhal Memorial Hall Udaipur Chamber of Commerce & Industry Chamber Bhawan, Chamber Marg, Madri Industrial Area Udaipur – 313001, Rajasthan
Day, Date & Time	:	Wednesday, September 06, 2017 at 10.00 am

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Name	
Address	
DP-Id*	
Client-Id*	
Folio No.	
No. of Shares held	

* applicable for members holding shares in Electronic form.

I/ We ________________ of ________________ being a member/members of PI Industries Ltd holding equity shares as mentioned above do hereby appoint the following as my/our Proxy to attend vote(for me/us and on my/our behalf at the 70th Annual General Meeting of the Company be held on Wednesday September 06, 2017 at 10.00 A.M. at P.P Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Chamber Bhawan, Chamber Marg, Madri Industrial Area, Udaipur – 313 001 (Rajasthan) and at any adjournment thereof) in respect of such resolutions as are indicated below:

1	Name		
	Address		
	E-mail:		Signature

Or failing him/her

2	Name		
	Address		
	E-mail:		Signature

Or failing him/her

3	Name		
	Address		
	E-mail:		Signature

Resolution No.	Description
Ordinary Business:	
1.	To receive, consider and adopt the Audited Financial Statements (both standalone and consolidated) of the Company for the financial year ended March 31, 2017 and the Reports of Directors and Auditors thereon
2.	To confirm the payment of Interim dividend and to declare final dividend on equity shares for the financial year ended March 31, 2017.
3.	To appoint a Director in place of Mr. Rajnish Sarna, (DIN 06429468), who retires by rotation, and being eligible, offers himself for re-appointment.
4.	To appoint M/s Price Waterhouse, LLP Chartered Accountants, as Statutory Auditors of the Company for a period of 5 years.
Special Business:	
5.	Ratification of Cost-Auditors Remuneration.
6.	Appointment of Mr. Arvind Singhal as Non-Executive Director, liable to retire by rotation.
7.	Appointment of Dr T.S. Balganesh as Independent Director, whose office shall not be liable to retire by rotation.
8.	Re-appointment of Mr. Mayank Singhal as Managing Director & CEO w.e.f October 01, 2017 for a period of 5 years and approval of the terms and conditions of appointment.
9.	Re-appointment of Mr. Rajnish Sarna as Whole-time Director w.e.f November 07, 2017 for a period of 5 years and approval of the terms and conditions of appointment.
10.	Re-appointment of Mr. Narayan K. Seshadri as an Independent Director
11.	Re-appointment of Mr. Pravin K. Laheri as an Independent Director
12.	Re-appointment of Mrs. Ramni Nirula as an Independent Director
13.	Determination of fee for Service of Documents to Shareholders of the Company.

Signed this .... day of .... 2017.

Affix
Revenue
Stamp

Signature of Shareholder...

Signature of Proxy holder(s) ....

NOTE: THIS FORM OF PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Inspired by Science

PI Industries Limited

CIN: L24211RJ1946PLC000469
Regd Office: Udaisagar Road, Udaipur–313 001 (Rajasthan)
Corporate Office: 5th Floor,Vipul Square, B-Block, Sushant Lok, Phase–I, Gurgaon–122 009
Email-ID:-investor.grievance@piind.com,Website:www.piindustries.com
Phone: 0124-6790000, Fax: 0124 –4081247

ATTENDANCE SLIP

(To be presented at the entrance)

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand over the same, duly signed at the space provided, at the entrance of the meeting hall.

I hereby record my presence at the **SEVENTIETH ANNUAL GENERAL MEETING** of the Company at P.P Singhal Memorial Hall, Udaipur Chamber of Commerce & Industry, Chamber Bhawan, Chamber Marg, Madri Industrial Area, Udaipur - 313001 (Rajasthan) on Wednesday, September 06, 2017 at 10:00 A.M.

Folio No. ..../ DP ID No. .... & Client ID..

....

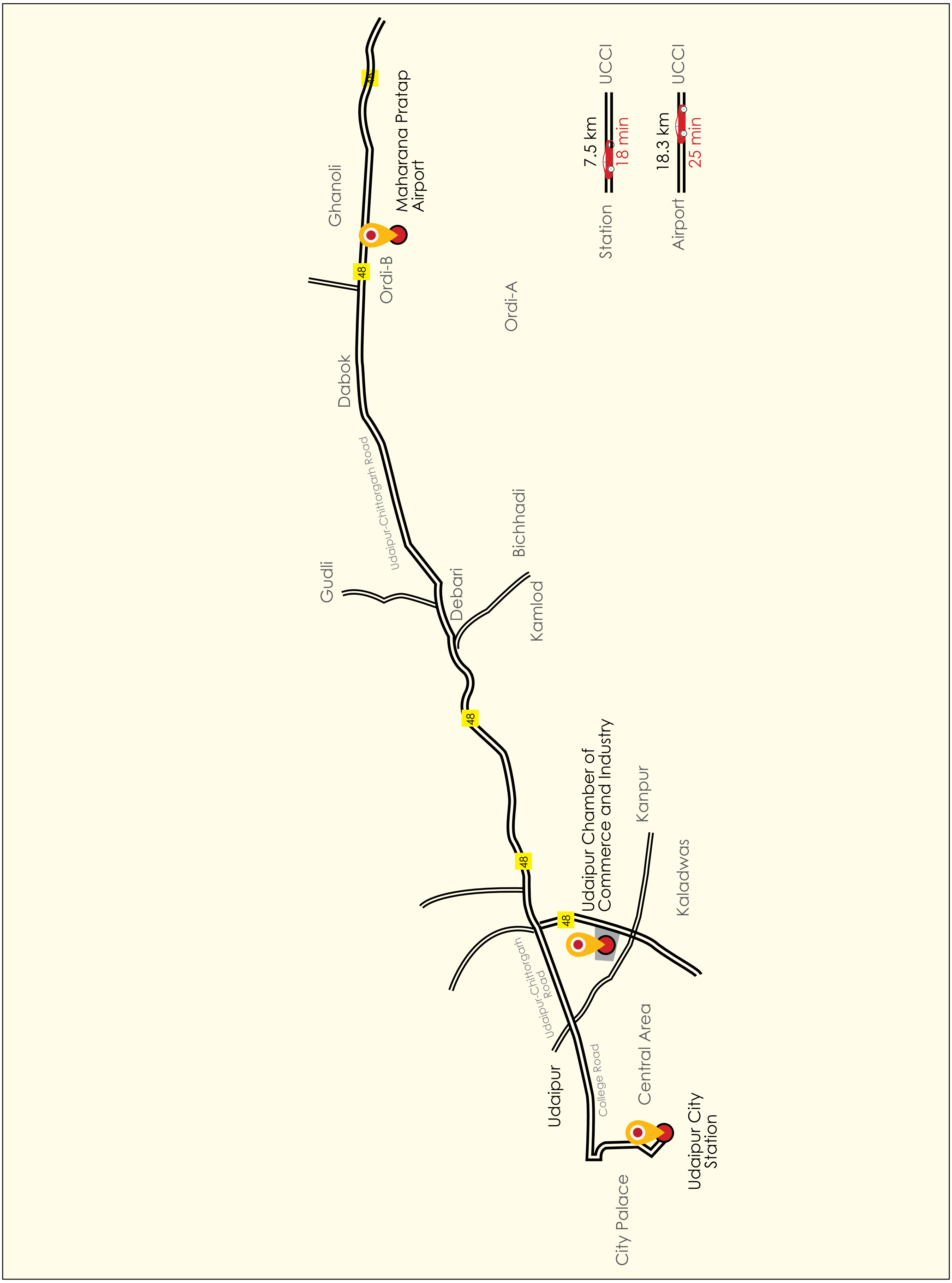
Name of the Shareholder Signature

....

Name of the Proxy holder Signature

Note: Shareholder/ Proxy holder desiring to attend the Meeting should bring his copy of the Annual Report for reference at the Meeting.

ROUTE MAP FOR AGM VENUE



Notes:

Notes:

Inspired by Science

Registered Office: PI Industries Ltd,

Udaisagar Road, Udaipur - 313001, Rajasthan, India
Tel: +91 – 0294 - 2492451-55, 2491477 Fax: +91 – 0294 - 2491946,2491384

Corporate Office: PI Industries Ltd,

5th floor, Vipul Square, B Block, Sushant Lok, Phase - 1, Gurugram-122009.
Tel: +91 - 124 - 6790000 Fax: +91 - 124 - 4081247. Email : corporate@piind.com
Website: www.piindustries.com

CIN: L24211RJ1946PLC000469